CONTROL FROM THE TOP

FRANCIS NEILSON

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Author of "How Diplomats Make War", etc.

A TIMELY BOOK ON A TOPIC WHICH AFFECTS US ALL

". . . one of the great party ships of the state has lost its moorings and is drifting rapidly onto the rocks of socialism."

". . . it would be the height of folly to trust too implicitly to the legislative proposals of honest men because they are merely honest."

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BY THE SAME AUTHOR

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HOW DIPLOMATS MAKE WAR
(also in Swedish, German and French)

DUTY TO CIVILIZATION
(also in German)

THE OLD FREEDOM

THE ELEVENTH COMMANDMENT

BLATCHFORDISM AND ESSAYS ON SOCIALISM

CONTROL FROM THE TOP

By FRANCIS NEILSON

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"Why should Russians have all the fun of remaking a world?"

STUART CHASE, "A New Deal," August, 1932.

". . . everywhere, from fields, factories and industrial plants, masses of workers goaded to desperation by hunger and poverty, form roving hordes, seeking some unknown place which may yield the primary needs of life."

The Times, London, July, 1933.

"The discovery of ability is, in itself, something of a science. This is the expertness about expertness to which allusion has already been made. One difficulty about this science, as about so many others, is that its limitations are not seen with sufficient clarity so that what is done is distinguished from what is not done."

R. G. TUGWELL, "The Industrial Discipline," 1933.

INTRODUCTION

AFTER six months of almost unceasing change in the policies of the administration at Washington, it is amazing to find that Mr. Roosevelt has an excellent press. No matter what differences of opinion there may be as to the wisdom of the policies and the difficulties of arranging codes to suit different trades, there is little or no adverse criticism of the ideals and aims of the President. It is somewhat different with his advisers and the new army of bureaucrats gathered at Washington, for great uncertainty increases every day as to the fitness of these people for the job of devising schemes for putting the country on its industrial feet again. The faith of the people placed implicitly in the President does not seem to extend to his advisers. It is a curious situation, one without precedent. On the one hand, there seems to be a desire to relieve the chief executive of all responsibility, and, on the other hand, to place it squarely on the shoulders of the Advisory Privy Council.

Following closely, day by day, the press reports, one finds an increasing desire on the part of the critics of the schemes to absolve the President from blame for the difficulties which arise. He seems to be called in when the administrators have entered a cul-de-sac and have to

be turned right about face and led out of it. This he does with extraordinary success. Out of this situation there comes what seems to me to be a growing sensitiveness on the part of administrators and advisers to criticism. There is a notion abroad that the blame for all hitches, delays and obstacles so far encountered in putting the schemes into practice should be placed not upon the executive, nor upon the administrators and advisers, but upon industrial managers, the people who have generally shown an almost lamb-like disposition to take everything lying down. Now, this is not fair; for it can be shown quite clearly, and is shown frequently in the trade papers of the country, that, in numbers of cases, the policies so far launched by the government have been afflicted with all the consequences of haste and want of mature consideration.

All this was to be expected, for panic legislation never did more than alleviate a momentary crisis. If industry is to blame for anything at all in this matter, it is undoubtedly for its thoughtlessness in subscribing to policies without due consideration of their provisions. The change in thought that has taken place since July is quite sufficient to explain why heads of departments and advisers have become so sensitive to criticism. Nothing was easier than gaining support for theories about overcoming the depression. The whole community was ready to accept any bearing the stamp of political authority. But when it came to the business of transmuting these theories into practice, quite an-

other attitude of mind was created, and, from whole-hearted support of the theory, the general public passed, as it met the difficulties of putting the theories into practice, to one of doubt as to their wisdom.

This, too, was to be expected, and now that the public learns almost every day that the administrators and advisers themselves declare their misgivings and uncertainties, is it any wonder that admonitory editorials appear frequently in the journals about the absurd trustfulness of captains of industry and great financial magnates? The editorial mind is quick now to appreciate the currents of thought which affect the public temper. Editors sense, as it were, what the people feel but can scarcely express.

It has been seen in recent weeks that, in trying to put the provisions of the codes into practice, in certain industries a remedial dislocation in one place has created the need of a remedial dislocation in another. Administrators are learning that the conduct of business is always an intricate affair, and that there is no such thing as one pattern for all industry. Businesses are made in their own molds, and even in the manufacture of brass-headed nails, no two factories turning out these articles are alike in conduct and conditions. In attempting to remedy defects in the minimum wage paid and the length of hours worked in a factory, many other defects might be created which are beyond remedy if the business is to be kept going. It is all very well and good to talk about chiselers and cheats; no

doubt there are some. But when a system that has been in vogue for generations permits a state of affairs such as the codes would change, it ought to be recognized that there may be thousands of cases of helpless factory owners and managers who cannot be held responsible for the defects of the system. Here is the crux of the problem; and it is because the advisers of the President have not understood the system that most of the difficulties met in putting their policies into practice have been brought about.

Still, notwithstanding all the complications which have arisen, the people are solidly behind Mr. Roosevelt. But industrialists who were stunned for a while when they realized what it meant to sign on the dotted line, are now waking up, and asking how it has all come about. It is rather late in the day for such a question, but it can be answered. There is ample evidence of how it came about; for the plans to socialize industry in this country are to be found in many books published in recent years—the depression books, written by professors of economics, sociologists, and publicists of various socialistic schools. I read an article the other day in a trade paper, asking if what is taking place is not part of a deeply laid conspiracy to bring industry and finance under the control and management of government. It looks like it; and support of this notion can be found in many works given to the public in the past two years. There are Messrs. Berle and Means' "The Modern Corporation and Private Property," Mr.

Chase's "A New Deal," Mr. Soule's "A Planned Society," Dr. Tugwell's "The Industrial Discipline," and other books. And I purpose here to take some of these works and examine the ideas of the authors, submit them to analytical criticism, and show what they are worth. If I can show that they are untrustworthy guides in their literary efforts, and that they have only, at best, a nodding acquaintance with the subjects they deal with, the awakened industrialist and financier may realize, if they do me the honor of reading my findings, that one of the great party-ships of the state has lost its moorings and is drifting rapidly onto the rocks of socialism; and if it can be shown that these authors have not mastered the subjects they deal with in their books, then it should be easy to understand why their schemes so far put into practice have occasioned so many difficulties in trade.

There is an impression abroad, not for the first time, that men in power politically are to be trusted unreservedly because they are honest and their ideals are high; and with this impression there goes the edict that any criticism of the policies of these men is not only unkind but uncalled for. Members of the Cabinet and their supporters, to say nothing of the advisers and their supporters, have been at pains recently to discourage criticism of the government's policies; and some letters that have appeared in the press taking exception to comments of editors and other critics of the government, seem to imply that an honest politician must be

a wise one. Surely the history of politics shows as many instances of unwise policies initiated by honest men as stupid policies initiated by dishonest men. Years ago, it was considered essential for a government to have always a strong opposition. But that was long ago, in the healthy days of party strife. If a policy by an honest man, one well thought-out, is just in its bearings and far-seeing in its object, why should criticism be stifled? The day may come when an all-powerful government will take very strong measures against opponents—perhaps we are nearer that day than we think. But while there is sufficient freedom left for differences of opinion to be expressed, it would be the height of folly to trust too implicitly to the legislative proposals of honest men, because they are merely honest.

CONTROL FROM THE TOP

CHAPTER I

THE INDUSTRIAL DISCIPLINE

DR. TUGWELL, in his book, "The Industrial Discipline," starts out with the notion that our ideas should be clarified, if we are to understand what "it" is all about. "It," presumably, refers to the depression and the industrial chaos. He says that we are not prone to ask ourselves disturbing questions. One would have thought enough disturbing questions had been asked during the past three years to satisfy anybody interested in the inquiring mind of the people. Perhaps the answers to the questions, when they have been made, have given little satisfaction. Certainly neither questions nor answers touched the radical defects of the system; the system, it should be remembered, the vast majority of the people at the polls decided to maintain, if it could be reformed. Maybe the questions were more to blame than the answers for the unsatisfying results of the debate. There are people disturbed in mind who desire to know the cause of their troubles, but scarcely know how to frame a question that will call for a clear and precise reply. No one seems to have been capable of considering the many distressing though superficial problems which have disturbed sections of the community and thought it desirable to

reduce them, as it were, to one broad, comprehensive ill affecting the state. None of the wise men advising the President has thought it worth while discovering the seat of the trouble; politicians do not seem to think there is one.

During the elections, the newspapers revealed in their reports of speeches, how widely scattered were the troubles besetting electors. Not infrequently, a newspaper would record a speech on prohibition and its ills; in another column, a speech on the burden of Federal taxation; in another, some candidate in favor of retrenchment would rail against the prodigality of the pension system; then occasionally, there would be severe condemnation of an expensive bureaucracy. Even the tariff was mentioned sometimes, and in one speech it was pointed out that the Smoot-Hawley tariff was responsible for the loss of our foreign trade, because it was "the shot which started the latest war of retaliatory duties." To mention all the separate problems the candidates for Congress referred to in their speeches would call for a list far too long to be published here.

Political programs are very much like midnight resolutions, modified when another day dawns. Yet there was nothing in the political program put before the electors of this country which revealed any alarming state of conscience of a party or its chiefs; they were all very much on stereotyped lines. We had read the phrases over and over again during the past fifty years,

and numbers of the sections of the programs revealed the same old meaningless terminology. Perhaps it is too much to ask during a political conflict that terms should be clearly defined and that candidates should have some understanding of the afflictive causes which underlie great economic crises.

Now, any work which sets out to make things clear to the average reader is certainly worth grave consideration. This Dr. Tugwell's work promises to do. He says, "observers frequently say that our activity would count for more, that both qualitatively and quantitatively the results would be better, if we had a clearer idea of what it is all about." What "it" is, is not explained, but it may be related to work and goods, for he says in his second paragraph:

"Great things will come of our activity, no doubt, in the end. But perhaps there is this need to examine more closely the quality of work and to ask more insistently what it is we get for product. We live in a world whose experiences might be incomparably rich; but half the values are lost because we do not know what experience means. This is true alike of our work and of our goods. The use of enervating goods or the over-use of others goes a long way to spoil consuming lives which might be wealthy; and our work is made a dreadful ordeal through not asking obvious questions about its political betterment and forcing changes in practical directions. The sources of our values are made sterile by a lack of philosophy."

This passage is a fair sample of the way professorial economists write. If our trouble is a sterile lack of philosophy, then "it" must be a matter which affects only a very small section of the community, because philosophy in American life and thought must be conspicuous by its absence. Take the years '23 to '29, six years when things were booming; and some people have been under the impression for a long time that abundance is necessary if there is to be leisure, and that leisure is necessary if one is to study philosophy of the many different kinds. Did Dr. Tugwell notice any urgent desire on the part of plumbers when they were making ten dollars a day, or plasterers when they were buying new cars, or even common laborers when they were making three dollars a day and buying cars, to turn to Plato or Josiah Royce?

PHILOSOPHY

What philosophy it is we lack is not mentioned, but it may be supposed that it has something to do with making consuming lives wealthy. Unfortunately, numbers of professors of economics have no opportunity in their long lives of coming closely in contact with men who devote their time to seeking material riches. Universities, as a rule, are not concerned directly in the production of wealth. And pick and shovel laborers have little chance of telling professors how they go

about their business and what they do with their earnings. Those who have had opportunities of learning from common laborers their ideas of wealth have often been amazed at their moderation. I once asked a Covent Garden porter what he would do with another pound a week, and his reply shocked me. He looked at me, as only a London porter can look when he is not sure his questioner is serious, and he said: "Another pound a week? Why, I could have two more pints, and bet a bob instead of sixpence!" It is strange what big ideas men have of enjoying another pound a week. The servant girl who had hoped for another five dollars a week, because she "loved the movies so," is not an exceptional case. But suppose Dr. Tugwell had as much power as the President of the United States over the finances of the taxpayers, how much higher nominal wage would he be prepared to give to make the consuming lives of the laboring classes wealthy? Although the term wealthy has its relative significance in nearly all cases, what clear idea has Dr. Tugwell of it, "qualitatively and quantitatively"? Furthermore, it might be asked if Dr. Tugwell really means what he says, when he refers to "consuming lives which might be wealthy." It is not to be thought of for a moment that he would make the consuming life of Mr. Morgan wealthy, nor, indeed, would one dream of thinking that he would go out of his way to add to the wealth of any capitalist, no matter how he had

suffered during the depression—unless, of course, he had met with such reverses that he was forced to apply for relief; but, then, he ought not to remain in the capitalist class. So it may be taken that Dr. Tugwell is not really thinking of making all consuming lives wealthy, he is only thinking about making some consuming lives wealthy. Before that happy day dawns, there is this question of philosophy to be considered, and, as philosophy seems to be no part of the curriculum of the department of economics at Columbia, we shall have to wait until Plato's philosopher-king does something for general education. There is a clew further on in the first chapter to the mystery; he says:

"The beginning of thought concerning values, which can hardly as yet be said to have begun among American workers, will, when it does begin in earnest, give us something new and very different. I believe, myself, that we are within a stone's throw of the end of labor —as labor, not as willing and coöperative activity. We know how to make machines do nearly everything. Only defective social mechanisms prevent the consummation of the trend toward the abolition of employment."

Perhaps consuming lives will be made wealthy when employment is abolished. But does the machinery of social life impede the progress of the industrial machine to such an extent that "the end of labor" is indefinitely postponed?

GROUPS

It would be an amazing matter if the social trend, whatever that may be, were the chief obstacle the industrial machine encountered on its way to the millennium, for society has shown over and over again that if there is one thing it does not like, that thing is work —if work is doing what you do not like to do. Yet we are told by labor leaders that there are something like between ten or twelve millions of people in this country who are aching to get a chance of doing a day's work. Alice was never confronted with such a problem as this, and I doubt if her brilliant author could have satirized such a complication as the desire of an economist for the abolition of employment, and the desire of millions to be employed. But it is a complicated system, and one must expect in dealing with it to meet with intricate problems.

When machines make themselves, tend themselves, repair themselves and only skilled supervisors direct them, Alice will be the most surprised girl that ever used a looking-glass. Of course, Dr. Tugwell does not mean anything so preposterous as his book seems to suggest. He is indulging in a philosophy of some kind, and who will object to a professorial economist taking recreation?

Although Dr. Tugwell is under no sociological delusion as to the social millennium, he is nevertheless a

group-theorist of a most extraordinary kind. His trouble is, that groups remain groups, they do not coalesce, they do not act with one set purpose. If they all had the same social end in view, no doubt he would give his blessing to the industrial groups. As things are, he has a poor opinion of what they do. He says:

". . . if experience goes for anything, one would certainly judge that it is an inferior, grudging, dead-alive sort of coöperation which is elicited by fear—the fear of losing a job, a reduction of wages, of poverty in old age. But the motive which is appealed to does not change the end sought; whether we are persuaded to produce, still, through a set of fears, or whether there are held out to us a set of hopes, only makes a difference in the efficiency in operation of the group; it does not make the result of the coöperation more or less desirable. This brings us to see that the variety of arts used in group management evidently requires that we should distinguish between the motivation of a group to act for a common end and the securing that the end shall be a desirable one." What he wants of the group is, that it shall "become coherent and coöperative in a large, a genuinely social, sense. . . ." Others have noticed the backwardness of the group, but no one before Tugwell realized how the group suffered under the "low arts of quackish persuasion and even lower forms of brutal pressure." Nevertheless, he recognizes something dogged in the ill-treated group, for he admits education has marched on, the standards of life have

risen, and there has been an increase of leisure; but he wonders how long it will continue.

It is very difficult to say how much persuasion was necessary in the period from '23 to '29 to get the groups or individuals of the groups to make a living. What low forms of brutal pressure were brought to bear upon the workers in the days of prosperity are not mentioned. Now, it is obvious that no amount of persuasion, no forms of brutal pressure, have the slightest influence on the vast majority of unemployed, unless a case can be made out against relief. It might be urged that relief is a persuasive form of pressure that keeps numbers of men idle.

THE PAUPER INDUSTRY

In trying to understand what it really is that troubles these social and industrial reformers, one can pore through book after book from their pens without meeting a single page of economic analysis that sets out to reduce industrial and bureaucratic conditions to a radical defect underlying the whole structure. So it is with Dr. Tugwell. He refers frequently to competition, but he does not define the term, consequently the reader cannot have a clear idea of what he is complaining of. It is clear that his use of the term competition refers only to the present spurious or illegitimate competition under a system of high tariffs and of the taxation of wealth. Nowhere does he show how this spurious com-

petition, or, in some cases, illegitimate competition, is maintained. All he wants is less of it. He makes no suggestion anywhere in his book of how to be rid of it altogether. Seemingly he does not understand that competition should begin with landlords for land users, and that spurious competition will continue to be waged fiercely among those who are producers, so long as the landlord is encouraged by the fiscal system to take rent whenever a producer wishes to use urban or rural land on the surface, under the surface, or over it. The titanic conflict Dr. Tugwell sees in the industrial system, with all its many ugly aspects, is attributable to the utterly false fiscal system which is maintained in all its rigor today. Every effort is penalized and discouraged. The land loafer and the industrial loafer are encouraged under the system. The one takes rent, the other takes charity. And, indeed, Dr. Tugwell and his associates at Washington in coöperation with the executive show in their so-called farm bill that they are determined to keep the greatest pauper industry in the world, agriculture, in a perpetual state of eleemosynary desuetude. He objects to some industries taking profits of a certain size, but he has no objection at all to handing these profits on to somebody who is thought, at the present time, to be utterly unable to make a profit. The concentration of wealth in the hands of a great trust is a thing to be abhorred, but the concentration of wealth gathered from the tax-payer is to be encouraged so far as agriculture is concerned.

GREAT WEALTH

The ideas these people have of wealth, great wealth, are so vague that they must make what are called wealthy people laugh. Recently there has been an investigation at Washington of the business transactions of a great banking house, and with tremendous pains and expenditure of labor, some one has tabulated the connections of the house with great industrial concerns. The point of this is to show the public how great wealth is concentrated in few hands, or how a handful of people are able to influence the conduct of banking and commercial affairs. How many more people would be necessary to prove that the concentration of wealth would become less dangerous is not told, nor do these busy statisticians show where the great banking house might find another thousand or two of the general public who would make the system any better. The concentration of wealth in the hands of a thousand is dangerous, let us say. Suppose the banking house added another thousand, if they can be found, to the list of wealthy manipulators, would the industrial reformers be satisfied? How many more men of influence would turn the trick? Financial geniuses are not kicking their heels on every street corner; they are not so easy to pick up when they are wanted. It has been shown during this depression, as in every other depression, that financial geniuses in harness have come out of the mêlée with seriously damaged reputations. Indeed,

just at the very moment when one would have thought they had been in a position to make as many millions as they wished, their audits have shown the most astounding losses, and that the concentration of wealth in the hands of a few towering financiers has not saved them or their organizations from seriously diminished paper values and incomes.

Take some of the greatest industrial organizations in this country and consider what they have been through during the past three years, then measure the concentration of wealth as it appears on paper with the return on the capital outlay. Can it be said that an organization of five hundred millions capital on paper is dangerous when it shows no return in dividends to the share-holders? It is known generally among business-people that in times of so-called prosperity there are any number of concerns whose margin of what is called profit is so small that an almost infinitesimal rise in wage, establishment charges and taxes might easily make all the difference between profit and loss. But taxation never seems to bother these industrial reformers, only when under the law some one is able to reduce through losses the amount of income tax. And what every one does under the law seems to be a most grievous offense when committed by a great organization. The fuzzy-wuzzy notions of industrial reformers as exhibited at Washington ought to be relegated to Alice's Wonderland.

SHORT WEIGHT SOCIALISM

Now, either the system is defective in some particular which can be ascertained, or it is the amorphous thing that some professors think it is, and no amount of group coalition will save it from destruction. But perhaps destruction is what is required, and although professors of political economy and sociology may not be going to work directly to make havoc of chaos, they seem to be moving gradually towards some socialistic goal they have not the courage to indicate. The trail of the serpent of socialism does seem to be marked in all their literary wanderings. It is very easy for the experienced observer to pick up the socialistic trail in the writings of these people; there is a phraseology which gives them away at all times. In it there are the words: control—supervision—license—government authority, always linked up with such malignant terms as, capitalism—concentration of wealth—competition—profits—and so on. This phraseology never fails to reveal tendencies in writers to what is loosely called socialism. Unfortunately for young writers, there is no socialist of any importance in the United States today. There is no one I know of who has a penn'orth of influence in national or local affairs who is prepared to support the proposals and conceptions of socialism; namely, that the state shall control all the means of production, distribution and exchange, for the equal

benefit of all, and that the state shall control all persons, their faculties and possessions. Anything less will not suffice. These proposals and conceptions can be analyzed, and have been analyzed, and found to make for a logical system in lieu of individualism. So it is neither honest nor courageous of our so-called socialists to present works that contain ideas which have never been thoroughly considered, or suggestions of government control which would stop short of the full measure of socialism. One can respect a full-fledged socialist, but I do not see how any one can summon up any respect whatever for a half-hearted one. There is no country on the face of the earth that is so bossed and interfered with as this one. Producers are scarcely represented in the houses of legislature in the states or at Washington. Our politicians are politicians, and that is about the best that can be said of them. When here and there a man is found who stands above his fellows, he scarcely ever is able to exercise any influence for the general good. The few sentimentalists to be found in Congress, some of them very earnest and sincere men, do not ever seem to get beyond the notion of taking from the rich and giving to the poor. As for doing something to enable the poor to look after themselves, such a thing is never heard of. Somebody has said that the majority of legislators who are sincere think it is sufficient to make something illegal and nominate another controller or government inspector. It seems so, and that is the saddest part of the whole business today,

this utter neglect of the opportunities which might come to the poor if the system were changed. As it is in agriculture, so it is with the poor—paupers once, paupers always.

THE GOING SYSTEM

Dr. Tugwell reveals himself in many ways, but in the following passage he shows conclusively to the intelligent reader where he stands. He says:

"Since we have no way of keeping a balance among the groups which function in our economy, there are created many problems. A constant disharmony of purpose is apparent and, what is almost as bad, a constant contest of strength among them. And the result of possessing no agreed rationale, from which control might emerge to create harmony and to balance strength, is that there is a constant titanic struggle. It is not a struggle about what our purpose is to be, for we are not to have one; nor about whether we shall achieve harmony among groups, for we are to remain in conflict. It is about who is to boss the whole business and to get all the profit. You may say that whoever is boss and gets the profit will have as his first task the reduction of the whole machine to harmony, balance, coöperation, and as his next, the creation of morale by defining the giant task we are all working at. But there you would be mistaken, for the theory is that the single industrial purpose of the government shall be to prevent this monopolization and to keep economic affairs

in a continual state of conflict. You may think you see through that; no government can be strong enough to prevent a group which can subdue its rivals from achieving harmony and morale if it wants to, you may say. And you would be right. We have the choice between a supertrust outside our political forms (which may swamp the State in the backwash of its progress) and an assimilation to the State of the going system. They cannot exist together and separately. Or so I believe."

In the main, Dr. Tugwell is right, and I think he is likely, in the long run, to get what he wants, that is, "an assimilation to the state of the going system," if it keeps on going; but at present it looks as if it cannot go on in this way much longer. When all businesses are dominated by altruistic amateurs, there may be conflict which will beat anything the industrial system has ever experienced. All Dr. Tugwell has to do is to realize what is going on at present in England and in France, two of the tightest bureaucracies in Europe. There the bureaucrats are largely professional; here the bureaucrats are nearly always amateurs. England and France are able to amble along, because there the bureaucrats exercise a certain amount of bureaucratic science, just enough to keep themselves fairly securely saddled on the backs of industry. Here the amateurs might very easily ride too hard, and, if they did, what a fearful spill would take place!

It would be very difficult to keep a balance in such

circumstances, and as for harmony, it might very easily disappear entirely. But is the whole business merely a matter of who is to boss and who is to get all the profit? Surely no one but a stranger to business could write in such a way! The notion of who is to be boss and who is to get the profit was prevalent among a certain type of reformer fifty years ago and more, when undoubtedly there were Mr. Grindhards and Mr. Closefists who never cared a brass farthing how their employees lived. There may be such people nowadays, and I dare say there are, because human nature changes very slowly and the refinements of life are not learned readily by certain people. The old saying that there is no boss quite so great a slave-driver as the uneducated man who has risen from the ranks is still true, but this idea must not be confused with the severities of the system which drives men into the labor market to compete for jobs and keeps real wage low. If it were merely a question of who is to be boss and who is to get the profit, there might be a chance of the people becoming extremely restless and turning their attention to the question of how the system could be changed. But somehow, taking good times with bad times, there seems to be an idea prevalent among the workers that employers, on the whole, want to be fair to their workers. During the present depression, I have had many opportunities of talking to men who have been dropped and men who have been put on half-time and I have found in numbers of cases the most extraordinary sympathy for the em-

ployers. The men have known quite well that the employers would much rather have them at work than idle.

The ideas that are sown among the thoughtless make it an almost impossible task to reason these things out in a calm and sensible manner. Dr. Tugwell may be desperately in earnest, but for the life of me I cannot see what is to be gained from talking now in a general way of industry as if the main idea was who is to boss and who is to get the profit.

THE LAST CENT

What Dr. Tugwell means by the phrase, "draining the last cent of profit," is by no means clear. So many people have such strange conceptions of the term "profit," that it is time economists started to explain what the terms they use mean. Numbers of people seem to be under the impression that there is something derogatory in taking profit. The old notion held by some liberal Fabians that "property should be for use and not for profit," is met with still in works published by American authors who desire to reform the methods of commerce and finance. Sometimes one comes across an author who seems to think that any profit made by the small man is legitimately earned, but that the profit earned by a great organization is either tainted or filched from labor or both. I have never heard of any share-holder declining to take a dividend large or small.

I do not remember ever hearing of an economist of any of the schools, arising at a share-holders' meeting and objecting to the company's payment of interest. Perhaps stolen fruit is sweetest, and our protesting friends enjoy it whenever it comes their way. During the depression there must have been thousands of socially-minded reformers who regretted the inability of companies in which they had held shares to pay dividends. When the draining process has been stopped by the lessening demand for the products of labor, share-holders suffer and numbers are called upon to find money for relief purposes. During the period when the last cent has been drained, one notices the absence of the relief stations and, as it was a few years ago, the most extraordinary desire on the part of all and sundry to get into the market and share in the draining process, and the higher the dividend the better the share-holders seemed to be pleased. Scarcely any protest was made in '29 and '30 against the draining process. Even labor, taking it generally, was glad to take as much as possible for the work done and did not hesitate to accept as much interest as national and state banks could pay on their deposits. It is curious how little is heard of the draining process when all seems to be going merrily for labor and share-holders; and when times of bad trade bring unemployment, reduction of wage, and cessation of dividends, what a lot of people write books about the process of draining the last cent. It is obvious no cent is drained, in the sense Dr. Tugwell uses the word, dur-

ing a depression; only a very few industrial undertakings and some banks have been able to pay small dividends. Perhaps in times of what is called prosperity there were companies that disbursed regular dividends that were too high and unwisely carried the process of making stock dividends too far. But speaking generally of industrial organizations and banks, during the years when trade was good the vast majority of companies placed some of their earnings to surplus account, showing that something was left in reserve for a rainy day. We have had many rainy days during the past two or three years, and labor and share-holders have been mighty thankful that some companies had not squandered all they earned, or drained the last cent in times when trade was good. Now, what does Dr. Tugwell mean by the word "profit"? Does he refer to earnings generally or does he refer to interest? No matter how much commerce and finance have changed in degree since the coming of the great organizations and of labor-saving appliances, the principles of business have not changed in one particular. They are the same today as they were when I was born, and they still operate on the same basis of rent, wages, and interest. If Dr. Tugwell means by the term "profit" all the earnings of a company, he will see if he will take the trouble to examine the distributing system under which business must operate, that profits are divided into rent, wages and interest. Before the manufacturer can have his plant, he has to pay the landlord for the use of the site;

before the manufacturer can put one brick on top of another, bolt one steel joist to another, he has to pay indirectly a landlord for the use of the land from which all material in the plant is taken. Moreover, he has to pay directly and indirectly rent for every particle of raw material that he uses in his manufacturing process. Therefore, when it comes to the matter of draining the last cent of profit, the landlord, who has had nothing whatever to do with the manufacturing process, takes the first share. The next share goes to labor, for labor employs capital, and the next share—interest—goes to capital. Now, if labor is not getting enough, and shareholders are not getting enough, and both have shown no disposition generally to take less, would it not be a good idea of university economists to turn their attention to the question of rent and stop the drain of the first leak, the landlord's, deduct the share he has been taking from production and use it for the expenses of national and local government, leaving labor the full value of the product he produces, and to capital as much interest as labor considers the use of the capital is worth to him?

In Lincoln's message to Congress, 1861, he said: "It is assumed that labor is available only in connection with capital; that nobody labors, unless somebody else, owning capital, somehow, by the use of it, induces him to labor. Labor is prior to and independent of capital. Capital is only the fruit of labor and could not have existed if labor had not first existed. Labor is superior

to capital and deserves much the higher consideration . . . and inasmuch as most good things have been produced by labor, it follows that all such things belong of right to those whose labor has produced them. But it has so happened in all ages of the world, that some have labored and others have without labor enjoyed a large portion of the fruit. This is wrong and should not continue. To secure to each laborer the whole product of his labor, as nearly as possible, is a worthy object of any country."

The accusation that has been leveled many times at professorial economists that they are landlords' men to a man seems to be justified on looking through their works, for they scarcely ever consider the question of rent—it seems to be beneath their consideration. How they can go on year after year twaddling about low wage and its attendant evils, without dealing with the question of the distribution of the products of labor, and who takes the shares, is one of the most amazing things of all the amazing things not done in universities. One can read book after book turned out by these people, books discussing commerce and finance, and never come across a single line that gives one the faintest notion that the author understands the factors in production.

PROFESSORIAL BOSSES

Is it to be assumed that the question of who is to be the boss and who is to get the profit would not arise if

the government assimilated the going system? Surely in industry there is never such a conflict as that which goes on perpetually in politics over the business of who is to boss the job and who are to divide the spoil. And where is anything in industry today which is at all comparable to the looting system in politics? The business of appropriation in the legislature is a scandal such as only can be known in political practice. The senator who at a recent election asked for the suffrages of the people because he had in appropriation got for them so many times more than they had paid in taxation, is the type which would boss and take the spoil when the state assimilates the going concern. The venerable senator, when he made his statement, thought it was a matter to be proud of, and no blush disfigured his furrowed cheek. But there it is. Raise a people up under such a looting system as the tariff, and they lose all sense of fiscal decency.

If, on the other hand, it is Dr. Tugwell's contention that the professors will supplant old-time political jobbers, and that the naturally altruistic characteristics of men of knowledge will serve as a fortification against such worldly notions as who will boss the job and get the profit, then it seems that we are in for a great many years of almost heartbreaking trial in putting the professors to the test. It is a sad world for anybody who takes any section of humanity at all on trust, and no one who has ever been near to government will be likely to accept professorial candidates, or even the bench of

bishops, where it is a question of dealing with other people's money. Trust, of course, we must have, trust in men concerned with institutions which handle our affairs, but it is not whole-hearted trust, there is always a certain amount of skepticism and anxiety to be borne, not only during the heat of the day, but during the wakeful stretches of the night, also. Nevertheless, the professors have their very earnest supporters to hail their coming with panegyrics of rosy hope. Dr. Nicholas Murray Butler, naturally, expresses his pleasure at the wisdom of the President's choice of advisers; but Dr. Butler should not hastily forget that a university man once occupied the presidential chair, and he left us all somewhat worse off in pocket and temper by a not very well thought-out plan of making the world safe for democracy. By no stretch of the professorial imagination can it be said that the policies of President Wilson in practice were a credit to any institution of learning. Geographically, he certainly knew where Europe stood on the map, but politically, financially and diplomatically, he had not the faintest idea of its whereabouts. Another enthusiastic supporter of the professor at Washington is Justice Cardozo, and in his laudatory remarks he completely outdid the beneficent autocrat of Columbia by crowning the professors with the laurel of philosophy. What the difference really is between a professor and a philosopher, no one can ever venture to say; and few professors have ever claimed, unless they were members of a department of

philosophy, that they were entitled to be rated with Plato or his modern representative, whoever he may be. The author of the "Republic" said some particularly pertinent things about the conduct of the affairs of the state and among others, that not until kings are philosophers and philosophers are kings, shall we be rid of the evils which afflict humanity. In this matter Plato has been right for quite a long time. Perhaps Justice Cardozo may think that the king-philosopher or the philosopher-king may not turn up in our generation, and, in lieu of him, he is willing to trust the solving of political problems to the professor-philosopher or the philosopher-professor. Hope springs eternal, as we have been told, and it costs nothing to indulge in fancies; one may do so and mitigate not a jot the ugliness of facts or escape the frown that wrinkles on stern reality's brow. But rosy plans put into legislative measures can be read by him who runs, if he does not go too quickly. The plans are tabled, and many of them have become the law of the land; some of them are being put hastily into operation. And whether we like it or not, these plans are socialistic in their tendencies, and after they have been in operation for some time, the old ideas, long popular in this country, of the function of government and the limitations of government, will pass forever. The change is fundamental and the future full of uncertainty. Anyway, it is very strange, how those who laud today the work of the professors at Washington can shut their eyes to the probabilities of

these measures containing greater opportunities for graft than any tariff bills ever offered. In these temptation bills, as they might be called, there seems to be no end to the opportunities for bribery and corruption. The Council of the National Civil Service Reform League states that more than three million persons are on the federal, state and municipal rolls, and that it takes something like four billion dollars to provide for them. The Council objects to the abolition of the Civil Service examination, because "public service is everywhere cluttered with mediocre, incompetent, inexperienced officials and employees." Moreover, it points out that "without a single exception, the new agencies of the government have been thrown open to the political spoilsmen to do with as they see fit." The excuse given, when objection has been made to exemption from Civil Service tests, has been, that these agencies are a part of the emergency program, and that they may be temporary in character.

But that is the way it is with this administration: what they save in expenditure, they dispense in dole, and practices they condemn in the world of finance are made possible in measures for the relief of agriculture. It is not strange that numbers of manufacturers have declared themselves supporters of what is called the new deal before knowing how it will work. It has long been known that our manufacturers are on the whole a patriotic, simple-minded set of men, not the gorgons that some professors think they are. They are a trust-

ing lot, and vast numbers of them, thinking they work very hard, find very little time for reading and study. The childlike innocence of the ordinary manufacturer, the way he takes government interference and supervision, denotes an unworldliness that is scarcely to be commended. He seems to take everything lying down. What these meek ones will inherit would certainly puzzle an apostle; but my guess is, they will certainly inherit anxiety enough to make them envy Job.

SOCIAL MANUFACTURERS

It is curious, how Dr. Tugwell sometimes gives one the impression that he sees things aright and then goes to work to create a fog, so that he may imagine things are not what they seem. He says: "It is interesting to see how efficient within themselves associations of producers have become, and how ineffective they appear to be in inter-group relations." What on earth have inter-group relations to do with the efficiency of associations of producers? In what way can, let us say, a manufacturer of nails exert any influence over a soap-maker? What would be the nature of the inter-group relations whose effectiveness Dr. Tugwell thinks is of importance? Once addressing a rotary club, I was amazed at the badges the members wore, and I asked what was the meaning of the custom; and the secretary of the association told me that it was "just a get-together idea." Well, we get together at the theater, we get to-

gether at the church, at a marriage, at a funeral, at an inaugural ceremony at Washington; and I suppose a psychologist might point out some occult motive, entirely apart from the ostensible objective, and show some single emotional impulse animating the throng—but to what purpose? Further on, Dr. Tugwell says: "But on the whole it would be no great trouble to substantiate the statement that America displays the greatest productive efficiency ever shown anywhere. The most puzzling phenomenon associated with this efficiency is that it has not made us wealthier than we are. For we are far indeed from the abolition of poverty, unemployment, overwork, industrial accidents, and illness, and from provisions for security for our infants and our aged." Here it is. Out of the fog that he has created there are faintly to be discerned the gaunt specters of the economic system which have nothing whatever to do with the efficiency of producers. Indeed, he cannot be thinking of the efficiency of producers; the animating thought throughout seems to be concerned with the efficiency of philanthropists. In the titanic conflict he refers to so frequently, what would happen to the efficiency of producers if they were, as business organizations, to turn their attention to the mitigation of these evils to a slightly greater degree than so many of them do today? Leave the great problem of the abolition of poverty out of the question for the present, for that is something manufacturers cannot deal with. Does Dr. Tugwell really believe that effi-

cient producers can solve the other problems, as producers? What means have they for solving these problems? When one considers the enormous amount of work that is done in philanthropic ways by great industrial organizations, one is amazed how wide-spread so-called "humanitarianism" is in the industries of America. How more can be expected, no one can say. There are far too many bureaucratic parasites taking money out of industry for manufacturers to stretch their philanthropy even in good times. But Dr. Tugwell has very little to say about the awful load that bureaucrats put upon industry.

WICKED CAPITALISTS

It is almost inconceivable in a professor of economics to harbor such notions as Dr. Tugwell expresses. Let us look at the following statement:

"In the offices of financiers in New York, many of the really momentous decisions of our times are taken. This could not possibly be true if we believed in plan and purpose; but we do not, and our disbelief furnishes the opportunity for the usurpation by unofficial agencies of the planning power which belongs to the public." If a day should come when the man who pays the piper will not call the tune, only pipers may enjoy the music, and when the day comes that banks make loans without having something to say in the direction of the scheme for which the money is required, then there will be no

need, for a short time, for relief stations. Undoubtedly, many extraordinary things have happened in banking in this country, but I doubt if anything so extraordinary as that which will happen when the public makes plans for the manufacturer who wishes to extend his enterprise or start a new one. Who is the public? Chamfort on a memorable occasion described the public, and I don't think people have changed much since his day. But what does Dr. Tugwell know the public has ever done of consequence in commerce and finance that indicates an efficiency to make momentous decisions in financial affairs? Why, the public themselves have shown repeatedly that they cannot even pick a solvent bank. I am one of the public. But does Dr. Tugwell mean what he says? Who were the people who rushed into the boom market of the spring of '29 and paid at least ten per cent for money with which to buy stocks then yielding three per cent? Does he mean the public who in July last assisted the government to raise prices in advance of wages? Was it the same public in 1917 who went to war that voted for President Wilson in the preceding November because he kept them out of war? When Dr. Tugwell wrote the last-quoted sentence, was he conscious of what the publics in Europe were doing at the time? Publics not only differ very largely on national questions, armament questions, monetary questions, fiscal questions, but they frequently change their opinions about other matters overnight. One has only to read the newspapers popular with the public to esti-

mate what their notions are worth. Further on, Dr. Tugwell says:

"Bankers say of themselves that they are merely bankers and nothing more. What is the consequence of this? Power without responsibility is one way of answering. Economic activity directed to anti-social ends is another. A set of irresponsible, possibly badly trained, and certainly self-interested, people half-manage and half-neglect affairs of whose consequence they have no adequate conception, but from which they have no hesitation of draining the last penny of profit. In last analysis, this is what we prefer to an officially recognized social control."

Suppose all this were true. Is it to be inferred that the officially recognized social control will make for power with responsibility? Surely in the experience of this country and of all countries on the face of the earth, bureaucratic control is about the most irresponsible power that has ever been known. Now, officially recognized control would be government control, and there has not been in this country since '85 to my knowledge, an administration of which it could be said that it was wholly responsible so far as power was concerned to the people. Such a thing is impossible under the bureaucratic system, no matter how honest the chief executive and his caucus-made cabinet might be; the vast majority of bureaucrats cannot be controlled by the people. Take the last administration and the way the departments spent the taxpayers' money

and consider the question of responsibility, or take any local government and view it from the standpoint of responsibility. Where can one find much evidence of efficiency and honesty? When it comes to the matter of having no hesitation in draining the last penny of profit, Dr. Tugwell ought to turn his attention to the local governments of New York, Chicago and other cities, and go over the lists of the numbers of officials put there by the public and see what they did in the way of draining last pennies.

THE METHODOLOGICAL LAG

"The Industrial Discipline" presumably was written for pedagogic philosophers. It bears no marks of having been written for bankers and captains of industry, for the language that is employed is seldom that which is used in commercial and financial advertisements, such as company reports and various kinds of correspondence, which are so often models of precise statement. Let us take a paragraph which is not exceptional —there are many in the book of the same kind. Now, in taking this example of Dr. Tugwell's style, let it not be thought that the paragraph is torn from its context. Strange as it might seem, the paragraph contains very much of the reasoning which goes before and after it. Here it is:

"Some hypothesis concerning the nature of industry is necessary to any generalization about men's relations

to it—and not only an hypothetical view of the existing institution but also one which includes its logic. its course of flow. We need to develop a sense of what is becoming typical. The conditions for the formation of this needed hypothetical view or sense of direction seem all to be present; but they are seldom assembled. The causes of controversy here lie partly in the kind of philosophical approach we make to the problem and partly in the nature of our interests. To understand them, we should have to explore intellectual history and to possess a genetic view of the institutions which create interests. The methodological lag is as important as the institutional lag; they are jointly responsible for much of our present confusion."

I defy any banker or captain of industry to tell me what this means in everyday language. I am sure Dr. Tugwell cannot be writing for the man-in-the-street, the victim of the system, for the book starts out to give him "a clearer idea of what it is all about." If the paragraph quoted above is set out to clarify the issue for him, Dr. Tugwell's notion of his intelligence is somewhat strained. After we have explored intellectual history and made the methodological lag really as important as the institutional lag, we shall probably be able to decide what is wrong with "it."

SWITCHBOARDS

Dr. Tugwell has very rosy ideas of what our future will be when there is no longer a lack of philosophy as

to the sources of our values. He says: "We shall go forward into a future in which delicate adjustments are multiplied, in which switchboards will control operations; in which no labor will be done, except experiment and repair." Why it will be necessary for labor to be burdened with the tasks of experiment and repair is not clear. If the machine can make itself, there is no earthly reason why it should not be able to repair itself. But perhaps Dr. Tugwell fears making the millennium a little too easy, and thinks that business men ought to have something to worry about, and provides experiments and repairs to occupy their minds occasionally. It is a wonderful prospect for the American businessman who is famous all over the world for his lack of avocation and his persistence in sticking to the work long after he is useful or physically fit. Perhaps under the great scheme, when work is abolished, indoor golf courses will be provided for the wintery climes of the north, so that business men may keep their bodies fit—fit for what? no one can say. How anybody, even a professor of economics, can wish for a millennium of no work is incomprehensible. Of course, it must be understood that Dr. Tugwell is only thinking of the users of machines and people who do what is called manual labor. He makes no provision at all for the poor wretches who have to grind, day in and day out, at clerical work. Probably we have not yet reached the stage of superintelligence when our letters will write themselves and our ledgers will fill the credit and debit sides and auto-

matically balance themselves. It certainly would be wonderful to see a robot paying-teller shoveling out the new coinage and pushing packets of new bills of uncertain value at the customer. The mechanism of the robot receiving-teller in determining the authenticity of the signature on the check will be worth seeing. It is hard for clerks, but they ought to live in hope, for if any one can see so far into the future as to get a glimpse of the time when work is abolished, so far as the machines are concerned, men's wit and ingenuity may rise to the occasion of planning intragroup relations, so that every day will be Sunday by and by, as the song says.

RELEASE FROM LABOR

Dr. Tugwell asks: "Is such a thing as release from labor merely the sum of many million separate efforts for relief, or is it the result of a long struggle, however obscure and difficult, towards that end? I know of no question which interests me so much as this one; but I see no hope of finding any answer to it."

This is rather disheartening, but the reader must not be cast down. It is only Dr. Tugwell's way of keeping a subject open. He asks: "Is he wicked who does not labor?" Possibly the vast majority of the people of the middle classes of the world would say that he who does not labor is unfortunate. We do know that there are huge sections of every democracy who would rather live on relief, but this is attributable to the system which

dispenses relief, whether trade is good or trade is bad. There are such extraordinary ideas to be found in universities and schools of economics about work that one often wonders how it is that the specimens of the sense of humor of the working classes on this question never reach the professors. I can think of numbers of funny stories on this question which must have sprung from the workers themselves. Any one who has had a large acquaintance and been in close touch with workingmen knows perfectly well what they think of a shirker. In the whole of my experience, which is a very large one and which covers a great many various trades and professions, I cannot remember ever meeting a man or woman who was sorry for himself or herself because of the work they had to do. A more cheerful, witty lot of people would be hard to find. No burden of work I have ever experienced is in any way comparable to the awful burden of unemployment.

I have frequently worked with three shifts—hard, laborious, nerve-racking work, when things had to be rehearsed and rehearsed over and over again, and when action had to be taken with clock-work precision; and I have never known anybody the worse for it. Wages low, hours long, all the handicaps of the economic system pressing urgently every day; nevertheless, everybody coming up smiling and eager for the next arduous task. I have worked for months fifteen hours a day every day in the week; many times I have gone two and three nights without bed, taking just a rest while the

men have been at their meals, and I don't know that I suffered. My wage was low. I always did more than was ever expected of me. I had to do it, because of the nature of the work. And this I know for very fact, that if I had at any time permitted my mind to wander off in thinking about what I was paid and the hours that I worked, I should never have had a moment's pleasure at my work. Looking back over fifty years of toil in many departments of life, I feel bound to say that it will be a curse when things are made easy for all men. It is not in the nature of the beast to loaf and be good; and here I do not mean that real wage should not be more and hours less, and that there should not be precautions taken against illness and accident—far from it—I am all for a system of real wage, the full value of the product going to the producer, because under such a system hours would be regulated in accordance with the economic demand. Perhaps one of the most awful things the man advanced in years who has had his fair share of labor can contemplate, is the abominable waste of time seen on every hand today which has accompanied the movement of shorter hours and minimum wage. As things have been made easier for the workers in the way of fewer hours and higher nominal wage, bonus system, profit-sharing, all kinds of institutions such as settlements and recreative adjuncts, men and women have suffered from spiritual decay. In the days when there was little opportunity for education, when hours were long and wage low, great com-

panies of men had the desire to educate themselves; and I have seen at adult schools men and women over sixty attending classes for elementary instruction. What on earth is all the leisure to be gained for, if man has to do nothing positive with himself? In family after family, where no one for a couple of generations had had to worry where the next meal will come from or where he will find a bed, one can see case after case of spiritual stagnation. The awful prospect of making life easy for physically fit people is too terrible to contemplate.

It is true that a case may be made out for the machine doing much of the heavy work formerly done by the hand. The motive of mankind is to satisfy his desires and needs with the least exertion. But in satisfying his desires it must not be taken, not even by professorial economists, that man looks forward to the day when work will be abolished. There is a great deal of difference between making manual tasks less hard and the machine millennium Dr. Tugwell has in view. But suppose Dr. Tugwell's interpretation of the tendencies of the machine age is right. He nowhere speculates as to what man will be like when the machine does his work. Probably the future in this respect is too awful to contemplate, and the doctor thinks it wise to reserve an eloquent silence. To my mind, the hand at work has more to do with the stimulation of the brain than people imagine. A well-known sculptor told me that one of the essentials of all art was the true coöperation of hand and brain, and that the machine, by divorcing the

two, was the worst enemy of the creative imagination. Once a well-known cobbler-councilor of a town in Scotland made a pair of boots for me. When I called for them, he held them up, looked them over and said proudly, "Man, they're bonnie, and when you take them off at night, don't forget who made them—sole, heel, and upper."

SENTIMENTALISM

Some generous reader might be inclined to think that Dr. Tugwell, when he uses the phrase, "quackish persuasion and even lower forms of brutal pressure," has in mind the economic system which persuades the man on the farm to court the delights of the assembling factory, the stockyards, or some other urban place where the labor market is usually congested, or when it sends, during a depression, the enlightened but bankrupt yokel back to the farm, to reduce the rather slim rations of the larder that mother, father and the rest of the family depend on for the winter. No, Dr. Tugwell, I am afraid, has not gone into the question quite so deeply and, although his phraseology sometimes almost persuades one to believe he is an economist, he is really quite unconscious of the operation of economic law. It may be taken as decisive in the matter of judgment, that when writers indulge in such socialistic fancies as capital paying labor less than it earns, or capital taking too much in profit, or capital in devious ways defraud-

ing labor and spoiling consuming lives, all such notions placard the writer at once as an inconsequential sentimentalist of one school or another, in this country usually dubbed, "liberal."

The "get-together" school of liberals which has sprung up in the United States since the war seems to be a graft of the withered stump of Fabian liberalism, as it was known in England before the war, and municipal socialism, as advocated in some of the East End boroughs. The graft is responsible for the anæmic bloom which comes forth now and then only to puzzle observers as to its politico-botanical name; its color is hard to define; it seems to be neither a single nor a double blossom; it gives one no idea of what the fruit will look like, whether it will be sweet or sour, whether it will be converted into jam, or just used for tarts and sauce. They do not seem to realize, the "get-together-ists," that it is in industry, and only in industry, there is to be found any evidence of a successful management of groups; nowhere else, not in the political or social spheres, can there be found anything which compares at all with the success that men in industry have made in their efforts to consider the welfare of the working group. It is unnecessary to bring to the notice of the general reader the numbers of cases, even in this country that, until the world-crash came, had succeeded, in spite of all the interference of, and penalties imposed by stupid government, in doing something to make producing lives a little happier.

THE END OF LABOR

If the day should come when Dr. Tugwell provides something to push my button for me, senile decay will begin at the age of ten for the vast majority of people. This preposterous idea that armchair critics have of the bane of riches is something that should not be tolerated. The hardest-working people I have known in my life have been rich people, and I have met very few rich people who have been what may be called really happy. The calls on the time of a rich man know scarcely any limit. Even in the case of English landlords, and I am all against the system of landlordism, one must be fair and recognize that for many generations these men carried the national and local burden of politics, no matter whether you liked their politics or not, and entered actively into most of the social and charitable movements of their day. Even in modern times, the Dr. Tugwells would find it very difficult indeed in this country or in England to single out the great industrialists who are anything like the absurd sketch they carry of them in their minds. Anybody after a moment's thought can mention scores of men who have said over and over again that they would give anything to have had something of the freedom of their employees. Take two Englishmen who have passed away in recent years and whose biographies are before the public: Lord Leverhulme and Lord Melchett. I knew them both intimately. In industry, in politics, in

society, in music, in art, think of the contributions these men made to their generation. They worked all through their lives, not under any eight or nine hours system and every Sunday free; consider for a moment their anxieties which increased as the years went on. And both were simple men, who for themselves alone would never have reached out a hand to take what is called a luxury. The building up of the chemical industry in England by Lord Melchett, and the scheming and directing of such an institution as that at Port Sunlight by Lord Leverhulme, can be taken as examples of heroic individual effort; and in this country it is a simple matter to pick out men (with the exception of the political part of their lives) who have done similar things, and it is just here that Dr. Tugwell is all astray. He does not know these things. Well, why should he know? What can a university professor learn of the world of action? The nature of his employment makes it almost impossible for him to come in contact with such people and know what their lives are.

One of the strangest misconceptions in "The Industrial Discipline," is that which is repeated over and over again, that "men seem to have been using their ingenuity to bring about the end of labor." Neither does it seem so, nor has such an idea had any reality. With all the invention of labor-saving appliances, that has given people an utterly false idea of life itself, so far as the expenditure of energy is concerned, the desire on the part of men who have become rich to work on

to the very end is in no way diminished. Even the inventor of the labor-saving appliance is as ready at seventy to go on working as the young man who is supposed to benefit from his appliance. That is the way it is with men of money. How could it be otherwise with the men who try to subsist on a weekly wage?

Dr. Tugwell asks: "Is it too much to ask that we seize on the prospect of final release from labor and put it, for the time, at the center of our thinking; that we should not be ashamed to desire it and to scheme for bringing it about? Such a suggestion implies great changes in attitude, perhaps too great. Yet I have ventured to think that we may be ready for the testing of this rather grand hypothesis." What is meant by the word "labor" in this excerpt? What does Dr. Tugwell mean by "final release from labor"? Further on, he writes about "people who have been treated inhumanly." Surely he cannot be thinking about industry in general, and those who work for a weekly wage. Therefore, he must be referring largely to some industry or industries that are in no way typical. We all know the evils of child labor, but he cannot be referring to that, otherwise he would have said so. He is writing about adult labor, and he means adult labor when he uses the term. But how much better it would have been for the reader, who has not only to learn what "it" is, but have "a clearer idea of what it is all about," if he had mentioned the particular industries, and there are some, where labor is treated inhumanly. Under this system

let us grant that wage is low and hours long. But all reform is in the hands of the electorate. If they have the power to make Mr. Roosevelt a beneficent autocrat, they have the power to get the reforms that they desire. But they are not of one mind, they do not know how to go about it. All the trade unions can think of, is to get a little higher nominal wage and a few minutes cut off the working day—that is the only reason why they are trade unions—they do not exist to change the system. A more conservative lot of men than the miners' representatives in Parliament before the war would be hard to find. People must have knowledge if they are to force an executive or a government to make a reform that is worth having. When the people permit the Democratic caucus, the Republican caucus, and the Socialist caucus, to draw up programs, they ought to expect what they get. Therefore, it is evident Dr. Tugwell is the only one in favor of the grand hypothesis, and, as Burns says, "Man's inhumanity to man makes countless thousands mourn." It is sad, but it is true, that men themselves get the governments they elect. For Dr. Tugwell to imagine that any part of his grand hypothesis can be put into operation by such an electorate as we have today, and we are likely to have for a great many generations, is nonsense. Only an educated people can bring about any millennium worth having.

The claims already made of a great triumph for trade-unionists are premature. It has been a notable

trait of trade-union leaders to rejoice over very small gains. There is certainly not much cause for jubilation over the minimum wage provisions of the code, and certainly there will be less joy in the camp of those who were employed before the advent of the codes, when they understand what the shortening of hours will mean to them, as prices of necessaries rise and reduce the purchasing power of wage. When the paper money of the future is passed over the grocer's counter for less articles, they may realize that another hour of work would help materially to correct the shortage in the market basket.

The forgotten man of February last is scarcely thought of yet. He is still forgotten, and that should be expected, because in a country that has been raised on the tenets of protectionism, the consumer is regarded as something of a pariah, a necessary evil in consumption. There is no one in all this busy revolution to give his case proper understanding. It simply cannot be done by people who imagine minimum wage, shorter hours, checking abundance and fixing prices will cure the trade depressions of such a system. The tender-hearted lady who could not bear to think that the grocer ought to get more for his commodities when he paid higher wages to his assistants, and the wholesalers raised the price of all articles he dealt with, could not be made to see that the grocer and his assistants were consumers. It is, of course, unfortunate that things are so complicated that a little alteration here makes it

necessary to make alterations in so many other places. Once the work of alteration is begun, no one knows where it will end. It seems to be a continuous process.

There has been very little in recent years of comparative study of the wage system served in a form likely to attract the general public. It would be interesting to see a comparison, without too many tables and charts, of three forms of trade-unionism at work in three countries of quite different conditions of climate, natural resources, and customs. Or take the chief features of English trade-unionism from the seventies, when England enjoyed what was called free trade, and an enormous advance was made in the well-being of the people; and compare a like period in the United States under increasing tariffs, greater restrictions in trade and finance, on to the trust-busting days, the triumph of the anti-trust laws, and inter-state commerce laws. In such a comparison we might have a study of trade-unionists at work in a so-called free-trade country, and, in the other case, of trade-unionists at work in a country that protected its infant industries by high tariffs. Such an illuminating comparison of real wage in the two countries might serve to educate trade-union leaders and politicians.

After the experience of England, one wonders what chance there is in this country of making a success of the expedients which failed under a so-called free-trade system. One important matter is surely overlooked here, and that is, owing to population, climate, area and

natural resources, America, up to the outbreak of the war, had succeeded more or less in forging ahead in spite of protective tariffs. Here is the greatest free-trade area in the world, if such restrictions as anti-trust laws and inter-state commerce regulations can be ignored. The real fact of the matter is, that there has never been anything in trade-union policies that is fundamental to progress. Such gains as a little more nominal wage, small improvements in working conditions and an hour's less work here and there, have been short-lived, and only too often we have seen a rise in the cost of necessaries and an increase of rent send the purchasing power of nominal wage lower than it was before. Now if minimum wage and shorter hours make up the gamut of trade-union desires, then it is a poor look-out for labor; and the sooner the better it is recognized that the ideal of labor enjoying the full value of the product that is produced, and capital enjoying to the full the interest labor will pay for its use, is an impossible dream. Yet it should be plain to the workers that there is something radically wrong with a system which has engulfed the whole world in the gravest of all depressions.

Let us suppose that in spite of all the difficulties and hindrances encountered in putting the government's policies into practice, nature and economic law assist the trade revival, and that industry will absorb the five million unemployed workers, according to the plan of the administrators, before December; and let us suppose

that the Works Program will be so far advanced by that time that another million unemployed men are set to work. There will be still, according to trade-union figures, about six million men unemployed. But as trade improves, the purchasing power of wage must fall unless industry thrives to the extent that nominal wage can be raised enough to cover the increasing cost of necessaries. Yet the vicious circle goes on, and no amount of price-fixing will bring about conditions that will tend to absorb appreciable numbers of those unemployed at the turn of the year. What, then, will be the next shift of government? It must be obvious to anybody that more and more revenue will be required for relief, and that will mean, notwithstanding the two-budget system, more and more taxation. How industry is to get on to its feet again by fulfilling the provisions of the codes and paying higher direct taxation federally and locally, is something no supporter of the government can explain.

Once the conversion of debt begins, the public will quickly realize they have less to spend at the very time when the government is asking for more revenue for the two budgets. Already the much-advertised savings of April and May in the departments, have been wiped out, and the public are learning that the very book-keeping methods that are condemned in trade and finance are practiced constantly now by the government. It will be interesting to hear what the trade-union leaders of the country will say next spring about these matters.

ADAM SMITH

In Chapter Two, Dr. Tugwell begins with the following statement: "If we observed a child, or a group of children, turned loose, with materials and some tools, on the problem of making something, they would, if the task were exacting enough and lasted for some time, work out a way of doing the thing which would be a rudimentary illustration of the way in which the race has learned to perform the tasks by which it keeps itself alive." To illustrate this, he tells of a group of twenty five-year-old boys and girls in a kindergarten, who built a small-scale house and decorated and furnished it. This is typical of the way he goes to work to make his points. In this case, his illustration of what the five-year-old boys and girls in the kindergarten did, is certainly not "a rudimentary illustration of the way in which the race has learned to perform the tasks by which it keeps itself alive." Dr. Tugwell has forgotten that in the case of the children, even if we accept his statement of their ages, they had patterns before them, and had, from the time that they could observe things about them, been familiar with the aspects of the work they were set to do. The race began without patterns. So far as the Christian era is concerned, royalty had to wait many centuries before it got away from the dirt floor. There is no analogy at all when one considers the beginnings of the race.

It is in the second chapter that our professor of eco-

nomics has something to say about Adam Smith; and it is worth while spending a little time on this matter. I suppose there is no author who has suffered so severely through misunderstanding and misquotation as the man who wrote "The Wealth of Nations" and "The Theory of Moral Sentiments." One would have to go back a great many years to find a work written by a professorial economist or a sociologist, of any of the many kinds, which reveals an intelligent notion of what Adam Smith was driving at. But Dr. Tugwell in this respect has numbers of comrades. The other day I read an article by Mr. Norman Thomas in which he said: "Laissez-faire capitalism was old when the great war came. It died of the war, but its ghost still plagued the earth. Men practiced the ruthless and utterly amoral economics of the age of irresponsible mergers and more irresponsible gambling (let the names of Insull, Kreuger, Mitchell, the testimony of Owen Young and the extraordinary records of the house of Morgan be our witness), but they did it with the gospel of Adam Smith on their lips." And this is the way that economic and political discussion is carried on in the United States, where some learned people are crying out for the abolition of labor! Universities ought to start a class on Adam Smith and accept Dr. Tugwell and Mr. Norman Thomas as its two minor pupils; but the finding of an instructor would be an even greater labor than the respective doctor and ex-presidential candidate would suffer in studying "The Wealth of

Nations." What the gospel of Adam Smith has to do with Insull, Kreuger, or any of the congressional investigations into the conduct of financial houses, is something only Mr. Thomas can tell, but he does not tell. What the author of "The Theory of Moral Sentiments" has to do with swindles, alleged or proved, is not evident in any place, in any section, in any work that Adam Smith wrote. Anyway, the so-called gospel of laissez-faire was never put into operation. At most, and for a comparatively short period, for the abolition of the corn-laws did not become operative until 1852 in England, the best that can be said of a country practicing a few of the tenets laid down by Smith is, that England, for a generation or two, enjoyed freedom of exchange of the products of labor, save in the case of excise articles and imported products not produced at home, which were taxed for revenue purposes only. For any one to imagine that Adam Smith at any time advocated a system of competition, or call it laissez-faire, if Dr. Tugwell and Mr. Thomas are particular about it, such as even the English government practised in the seventies and eighties, is to reveal an utter lack of understanding of "The Wealth of Nations."

THE CANON OF TAXATION

The confusion has arisen because nobody, until Edwin Adam, the late Clerk of the Lord President's Court at Edinburgh, analyzed Adam Smith's first canon

of taxation, the canon of equality. Adam Smith knew where competition began. He was a thoroughgoing individualist and knew what was just. It is perfectly true, from the way the canon is quoted by some authors, that the meaning is ambiguous. But to save time, let me quote from Edwin Adam himself; no one has dealt with this question so clearly and concisely:

"That canon runs: 'The subjects of every State ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the State.' This is the canon so far as it is usually quoted and adopted by economists, whether they are admitting or disputing its validity. But as thus stated, it is by no means a self-evident truth. Its terms are ambiguous, if not contradictory. The 'respective abilities' of citizens of a State to pay taxes are not necessarily measured by 'the revenue they enjoy under the protection of the State.' Accordingly some writers try to define the latter phrase as meaning their surplus income after meeting the necessary cost of maintenance; and lay stress on the word 'enjoy,' as implying something additional to mere income necessarily expended in maintaining life; as reaching out into the sphere of luxury, or, at least, of superfluous expenditure. Adam Smith, however, does not leave his canon without interpretation for he immediately adds an explanation which may clear up any dubiety. He proceeds: 'The expense of gov-

ernment is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate.' Here we are on familiar ground, and the antecedent ambiguity seems explained. The joint tenants of an estate can only in reason be called on to pay towards the cost of management of the joint estate in proportion to the share of that estate held by each. They will each pay to the common fund in proportion to the benefit they receive from the estate. The key-word of the canon, therefore, seems to be the word 'under,' which we would translate 'by virtue of,' or, 'as the result of.' Each citizen should contribute to the support of government in proportion to the revenue which he enjoys by virtue of, or as the result of, the protection and activity of the State. It is patently just and proper that any income enjoyed by the individual by virtue of something done by the State, should contribute to the upkeep of the State, just as it would be right that one of the tenants of an estate should pay an increased rent proportionate to any increase in value of his holding which resulted from some expenditure, on roads or buildings or other improvement, by the management of the estate. Such an arrangement conforms to our ordinary common sense view of what is right and proper. The improvement may have benefited all the tenants, but we should expect each to pay in proportion to the increase in value of his own special holding. In this sense, then, Adam

Smith's Canon of Equality seems to be a canon of natural justice."

LAISSEZ-FAIRE

In all fairness, it must be said that Dr. Tugwell, in dealing with the superficial—or secondary, would perhaps be a better word to use—details of Smith's system of competition moves along accepted lines; but that he has not understood the basis of Smith's doctrine is evident from such statements as the following:

"It will be seen that the free competitive order (which is frequently called laissez-faire which, roughly translated, means 'let alone') was something of a natural organization of checks and balances." Here he is referring only to the free exchange of products, but Smith's system did not begin there. Again, Dr. Tugwell says: "As a matter of strict fact, the free competitive order never existed in the form which is frequently assumed." Nowhere does Dr. Tugwell say why, even in connection with the secondary process of Smith, it never existed. Nowhere does Dr. Tugwell say what was the basis of the system. In all his discussion of laissez-faire, he reveals at no time that he is conscious of the fullness of the system laid down in "The Wealth of Nations." Here is a statement which is so far away from anything Smith ever had in mind, that it proves conclusively that Dr. Tugwell neither under-

stands Smith, nor does he know the history of enclosure acts in England:

"Employers always possessed greater bargaining powers than workers, and for a time the workers were ruthlessly exploited, a tragedy which was sadly acquiesced in by statesmen and economists, who laid the difficulties of the poor to the operation of the natural laws governing economic events rather than to any defect in human arrangements. Nothing could be done about low wages and individual poverty because free competition secured to every one all that could be got in any case." How free competition which never existed in the form which is frequently assumed could be responsible for low wages and individual poverty, is something Dr. Tugwell does not attempt to explain.

FOG, FANCIES AND FERTILITY

An avalanche of works on what is called the system, and official and unofficial notions of improving it, has been careering from the press for several months. Entirely apart from such statistical works as "The Modern Corporation and Private Property," "The Internal Debts of the United States," and other works which tabulate figures and paper values, the amount of useless I.O.U.'s, the numbers of corporation directors and folk on the favored lists of great financial houses, there are works such as Mr. Soule's "A Planned So-

ciety," Mr. Chase's "A New Deal," Professor Boucke's "Laissez-Faire and After," etc. Indeed, there seems to be no end to the literary changes that are rung on the bells of reform. Technocracy came and passed, and now we enjoy the proposals for industry planned by professors, controlled by government. Not, of course, the government that made such a frightful hash of things during the war, nor, indeed, the government of the great engineer, Mr. Hoover, but some government that will evolve from the brain of a technological expert, perhaps from Columbia University. It is an amusing exercise to read three or four of these books and to mark the sentences which conflict frequently with the various authors' ideas of what is wrong and how the wrong should be remedied. It is quite entertaining to notice how these authors, page after page, dally with an anæmic brand of socialism and, at the same time, strive to make the reader imagine that no kind of socialism has their support. Whether it be ignorance or cowardice is a moot question. Ignorance is displayed over and over again in the sketchy bits of history related, and also in the interpretations of examples of the defects of the system. These are usually especially selected. A state socialist of the thoroughgoing order would waive aside the suggestion of ignorance on the part of some of these authors and say bluntly that it was down-right cowardice that is revealed in many of their pages. But, as it would be very hard to find an orthodox state socialist today, in

any country, our authors may be spared criticism of the kind that was current fifty years ago. Still, there is this to be said for Mr. Soule and Mr. Chase, they do set their ideas, whatever they are worth, down clearly —the fog is not in the writing but in the ideas and the interpretation of them. With Dr. Tugwell it is different; everything is in a fog, for the fog is in Dr. Tugwell.

Many years ago, there was a strike in England about the number of tenders required for the working of a machine in a factory. Before the new machine was installed, ten men had been employed in doing the work. But the new one, according to the inventors and the mill management, required only two. In the trials it had been shown at the makers that two could easily tend it. The operatives considered the reduction of the staff of ten men to two, brought about by the installation of the machine, was unfair to labor, and they struck and for months were out of employment; they demanded four tenders for each machine. The strike was settled by compromise, each side losing a point in its demands, and the machine was set to work with three tenders. Some time after the machine had been working, I had the opportunity of talking to the third man, a very intelligent young fellow who was then studying architecture at a night school, and I asked him how he liked his job. In broad Lancashire he said: "Eh, it's a pretty business, Mister, trying to keep awake all day."

In the chapter on "The Changing Manner of Work," Dr. Tugwell quotes from Professor Kallen's "Education, the Machine and the Worker," in which it is shown that the machine tender is bored, his nervous system is strained, and he suffers from a sense of exhaustion without fatigue. Dr. Tugwell's comment on Professor Kallen's statement is as follows:

"It must also be remembered, however, that this description applies only to a part of modern work—and probably a lessening part. As more and more tasks are turned over to machines, more and more managers of them are needed. The executive task, in a modern productive organization, exhibits the same specialization which is to be found in other jobs. Planning, to insure the smooth running and the certain synchronization of inter-related processes, grows more and more important. As machines take over physical tasks, more men are needed for thinking ones." Is there anybody that knows anything at all about the growth of the machine in industry that will accept the notion that as more and more tasks are turned over to the machine, more and more managers of them are needed? Now if the machine of the future is to call for more and more managers, will it not defeat its purpose so far as costs are concerned? But does Dr. Tugwell mean managers or tenders? Some one to push a button or pull a lever? In another place, he talks about "supervisors" looking after machines. Probably it does not matter what you call a machine-tender, but it does matter a

great deal in the cost of production whether he receives the wage of a tender or the wage of a manager. Why "manager" in the industrial sense of the term, is not explained. Surely the machine of the future, even according to Dr. Tugwell, is to call for less and less labor. Now, it does not require a greater intelligence than that called for in running a donkey engine to tend a fool-proof machine. Some machines today are, so far as the operation of them is concerned, simplified to the *n*th degree, and frequently you hear makers of them say, "a baby could run it." Think of what has taken place in the motor car; think of the advertisements turned out by the automobile companies which direct the would-be purchaser's attention to the simplicity of the machine and the ease with which anybody can drive it. Dr. Tugwell does not attempt to meet the contention laid down by Professor Kallen that the machine-tender suffers in numbers of ways physically and spiritually. It has been pointed out in recent years by investigators in Europe that machine-tending has been accompanied by a woeful lack of interest in cultural things on the part of the machine-tenders. I remember a time when factory-workers not only enjoyed political work, which goes on continually in England, but found time to enjoy literary societies, debating societies, singing societies, dramatic societies, and numbers of other cultural movements. The president of a very old workmen's literary society wrote to me a few years ago, saying the membership had dropped off since the war sixty per cent,

and that so few attended the weekly meetings that he thought the society had served its purpose and should be wound up. Of course, Dr. Tugwell cannot have it both ways. Indeed, he nowhere in his book makes an attempt to tell us what the "managers" of his machine will be like when the great day comes and labor is abolished. I don't know how it is in America today with the workers, for as I grow older, I get less and less opportunity of coming into contact with them when they are not working, but I am told by men who can look back as far as I can that scarcely any of the old movements draw young men and women. One society established in 1892 for the purpose of studying certain cultural things meets now only once a quarter and most of the members are overy fifty years of age.

Dr. Tugwell says: "Man's body revolts under industrial pressure because it happens to be shaped for other uses." The question of its shape for other uses does not arise. No man's body revolts under industrial pressure, because it happens to be shaped for something else. The revolt comes from the nature of the industrial pressure and the physical condition of man's body. It can be shown that a man's body revolts under the pressure of tending a machine; if his body has been shaped for superintending or minding a machine, then it is strange that man's mind and body suffer far more seriously now than they did before. Man's body may be shaped for baseball-playing, for all I know. Yet too much baseball, the pressure of a very close game, must

set up a revolt against the tension. Even the man on the bleacher, whose body may be shaped for baseball-playing, has been known to shout himself hoarse and leave the stadium weary and worn. I have seen university professors in quite a serious condition after the excitement of a football game, and requiring an early night for recuperation. Whether it be task, or whether it be play, the body will revolt when the pressure is too high and the tension too long.

EXPERTS

In another place, Dr. Tugwell tells us that "the rôle of human beings is that of the expert who does, not a repetitive task, but a thinking, manipulative one." What evidence there is for this assumption has never been compiled. No one who is at all familiar with working staffs would ever dream of saying that the rôle of human beings is that of the expert. Using the term "expert" in the sense implied by Dr. Tugwell, I doubt whether ten per cent of the people employed in industrial plants ever showed the remotest sign of becoming experts. I should be very much surprised to find ten per cent of the people that go to universities, where they have expert instructors, ever showing expert ability. If they do, they are certainly lost in the crowd once they enter the arena of practical affairs. Dr. Tugwell recognizes "that so many places of responsibility are filled by the incompetent." He asks, "how many

sons of entrepreneurs, for instance, have filled, or tried to fill, places which were too big for them?" The rôle of the expert seems to be missing in these cases. He might go further and ask the research department of industrial experts to test the workers, from common laborer all the way up to the president of any industrial organization, and count the numbers of people having expert ability. Of course, the initial difficulty in attempting such a thing is to find a body of experts outside the industry itself that will enter on the job impartially with all its psychological charts and guessing tests. It has been known that such simple questions as come up every day in the various departments of a packing establishment have completely fogged the agricultural expert sent by the government to interfere with the business. One asked, in the hog department, what was done with the bellies that were not clear? Government, of course, would never think of appointing anybody to interfere with any one's business unless he was an expert. Unfortunately, the term "expert," during the war fell into disrepute, but I doubt whether the war experts ever showed such an extraordinary difference of opinion as the experts in American universities show in the works they write for the public. It might be said that before industry is socialized and government is taken over by the professors, the universities should start a new department especially for the experts who will socialize us and govern us, so that when the great day comes, they may be all of one mind and not queer

the pitch by starting a fight among themselves. Perhaps it would be better to find another word for one skilled in economics, politics and industry. We all know what the word means when it is used in sport, and we all know what happens when the expert suffers defeat in sport. But in the hard, practical affairs of daily existence, we know only too frequently that no matter how often the government's expert suffers defeat, he will always be able to find human beings who imagine he is a fit and proper person for the job. Think of the experts of technocracy, and think of the human beings who revived Veblen, and who swallowed short treatises on the millennium promised by the disciples of Mr. Scott! One of the rôles of human beings, so far, seems to have been quite similar to that of Simple Simon at the fair—looking for an expert that will be sure to take him in.

WHAT THE PUBLIC WANTS

In reading such works as "The New Deal," "A Planned Society," and "The Industrial Discipline," it is difficult to get away from the notion that the authors have some secret process by which they are able to learn what the people want. The mere fact that at the last election they gave an enormous majority to the Democratic Party means little or nothing so far as motive is concerned. The vote was one thing, the motive was another. Uniquely, Dr. Tugwell has discovered that

the people generally have a common purpose which no vote, up to date, has ever expressed. He says:

"The common purpose which animates us is easy enough to define."

I took a great deal of trouble during the election to find out for English inquirers what the people were voting for, and I discovered there were three popular questions. One was, to get rid of Mr. Hoover at all costs; the other was, to repeal the Eighteenth Amendment; the third, to put an end to wasteful expenditure. Singularly enough, I found all classes imbued with the idea that a change would make an end of the depression. No one pretended to say how a change would do it. But Dr. Tugwell says that the common purpose in its simpler aspects was a demand for "security of access to the goods of simple living, security of employment, security in ill-health and old age, security of maintenance, and training of their dependents, security in the exercise of technical tasks which involve progress in the ancient struggle to escape labor." This will be news to many observers of the elector. After nearly forty years' close acquaintance with political systems here and in England, I have never yet found a common purpose of any kind animating the electors, unless the "common purpose" underlay such issues as the Khaki Election in England, the landslide of 1906, the Hang-the-Kaiser Election in England after the war, and the last election when a National Party was formed to defeat the Labor minority government. But in no one of the elections

mentioned could it be said that there was a common purpose. It might be said that there was a party purpose, but that is not a common purpose. Consider the elections in this country ever since the time of Grover Cleveland, from the standpoint of common purpose as expressed at the polls. I can think of only two which in any way indicated one definite, dominating question decided by the electors. The one was the Harding election; the dominant question of that election was the defeat of the Democratic Party; the other was the election of Mr. Roosevelt, and the data gathered by newspapers of all political complexions informed us at the last election that the dominating issue was the repeal of the Eighteenth Amendment. Now, if the common purpose is not shown during a general election, when is it shown? In what way does it express itself, and how can one be so definite about it as Dr. Tugwell is? Where he gets his information from is a mystery. The last election was held when the depression had reached its lowest point, when scarcely anybody in the country had escaped suffering and anxiety. Never was there a time when the electorate had a better opportunity for framing a program based on Dr. Tugwell's common purpose. In comparing the caucus-made programs which were submitted by the parties to the electorate it is utterly impossible to find a common purpose of any description. Seventy-five per cent of the defects of the system are mentioned. In all the programs there are vague suggestions of how some of the defects

should be reformed. But in none of the programs can there be found one single, fundamental defect to be remedied.

There were numbers of instances of the old saviors of the people blotted out entirely. Take one—many can be given, but this is typical: The president of a great Western university spent a few days with one of the noble reformers who was asking for a second term. The reformer was large in promise and deeply concerned over the sad plight of the electorate in his state. He and the president wept after a meeting, and I was informed that, as he recounted the afflictions of his people, there were few dry eyes in the audience. To my utter amazement, when the returns came in, I found that the reformer had been overwhelmingly defeated at the poll.

The common purpose Dr. Tugwell refers to was not expressed at the last election by the electorate, and, indeed, the only place where one can find any reference to it is in the books here under review. A case may be made out for the common purpose of desiring a better state of affairs, that is, basically, more wage and fewer hours of work for everybody all the way from the chore-man to the capitalist. But as to how the change is to be made, save that of swapping one governing party for another, neither chore-man nor capitalist can say. And, curiously enough, Dr. Tugwell himself has little or no faith in the mass for planning such a change. He says: "We who are interested in govern-

ment as the instrument for making what we hope may be a better workers' world, will continue to press for an adjustment of theory to reality. What is of value to the human spirit lies somewhere beyond the limits of the scheme for achieving generally greater incomes. But these are bridges to the unknown." The use of the plural "we" in this case is obvious. The workers whose world is to be bettered seem to be excluded from the governing party, and it should not surprise those who have watched carefully what has been taking place in Russia to find later on, that the instrument referred to above will prove to be a smaller and tighter executive committee than that at Moscow. A socialist millennium cannot be run effectively by large committees or decentralized directorates. All the people have to do is to take their medicine, once having put the committee in power, and once the committee is in power, the first thing it will do is to make itself secure. This beneficent instrument that is to fashion the workers' better world and adjust theory to reality, is to rise upon the sordid ideas of achieving generally greater incomes—greater incomes for the proletariat, presumably. It cannot be that Dr. Tugwell thinks for a moment of letting me achieve a greater income, because it is part of my income that will go to put the proletariat in his better world. But that really does not matter so much. I have seen already what government can do in the way of making the world better for me, and I have come to the conclusion, not hastily, that much of my

time has to be spent now in curtailing my expenses, reducing sums given to charity, and in studying carefully the life of Diogenes.

JUST ANOTHER EXPERIMENT

One of the advisers of the President not so long ago told a body of men that the new measures were not quite so bad as they read, and that there really was nothing to be alarmed about. His statement put me very much in mind of the kind-hearted hangman who told the victim if he would keep still, he would not hurt him. I am sorry to say my reading of history has not impressed me with the alleged fact that many political instruments are as sympathetic as the hangman. The Tugwells of large-hearted benevolence, the Moleys of far-seeing charity, the Chases who are looking for fun in the remaking of a world, and the Soules of sweet reasonableness and utopian desire are here today, but gone tomorrow. Our faith in them and their ideas might be rudely shocked by the antics of their successors. Having received Dr. Tugwell's philosophy which can scarcely be called a search for truth, we must leave his experiment to that much-misunderstood instrument some people still call "nature." I do not see where else opposition is likely to arise. The matter is too complicated; already the government has taken to itself responsibility for some of the changes nature has made. But nature in the past has upset the calculations of

much cleverer men than those who are the advisers of the President. It may sound a little hoary, perhaps romantic, but somehow nature has always revenged herself on those who have tampered with economic law. This is the tragedy underlying recorded history. Perhaps all principles are changed now, because things differ in degree, and we have reached a stage of civilization when the statistician and his chart tell us precisely to what extent things do differ in degree. All these changes have happened before and will happen again, so long as man fashions the government instrument that scourges him.

There are two problems of great importance noticeably absent in these books; both have for a very long time occupied the attention of the business man. And by business man I do not mean thieving capitalist and incompetent director. No, indeed, far from it—I mean men who have during the past three years been trying to make both ends meet at the office and at home, who have children to educate and dependents outside the immediate family to look after. Before the last presidential election, I was asked to meet a gathering of about two hundred persons—business men. There was no man present, so the secretary of the meeting told me, who could be regarded by Mr. Chase as a danger to the community, either in a social or in a financial way. The reason they asked me to speak to them was a simple one. Faced with heavier taxation, they wished to know if the enormous expenditure of

government, federally and locally, was necessary. According to the reports in the newsprints, there were organizations in every state in the Union of business men occupied with this question. Now, no matter how great the sins of the capitalists may be, in mismanaging their industrial affairs, they are small in comparison with the misdeeds of government. Let me mention some of the misdeeds for which no critic of the system can hold capitalists and the people generally responsible. War, five months after the people elected Wilson, because he kept them out of war; the unnecessary causes of mismanagement of the armed forces and industry generally by the government; the Treaty of Versailles; the enormous burden of debt; the amazing growth of the bureaucracy; the action of the government and the Federal Reserve in the spring of 1929; appropriation, pensions, tariffs, and the other hundred and one scandals in squandering the taxpayer's money. Add to this the corruption, graft, and banditry practiced in local government. It is estimated by the Crusaders that Prohibition cost the United States no less than thirty-four billions in the past twelve years. Now, it may be said that the people are responsible because they are the makers of governments. They elect presidents every four years, and they elect mayors and judges. Literally that is true; but they elect these people for a purpose —perhaps Dr. Tugwell would say a common purpose. Is it, then, to be imagined that the people elected Mr. Hoover to do what was done during his administra-

tion? By no stretch of the imagination could it be said that the people elected the mayors of certain cities to do what was done during their incumbency. It is curious how these critics of what they call capitalism forget to deal with these two great questions of expenditure and taxation. And yet they are always talking about raising purchasing power, something no one attempts to analyze. Think of the comparative purchasing power of the dollar last winter. According to the government's return, the dollar this spring, compared with the dollar of 1928, was worth $1.57, but this calculation does not consider the question of rent. I doubt very much if all the government's schemes for amelioration will, if they are successful during the next four years, give us a dollar with anything like that purchasing power. But our reformers will say, "what about the man who was on relief? He had no purchasing power at all, because he had no wage." True, but even if we take Mr. Green's figures for unemployment, there must have been millions of workers who were not on relief and who enjoyed the benefit of the fall in commodity prices. Now commodity prices are to be raised to increase purchasing power, presumably whether the individual is on relief or not.

PURCHASING POWER

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trick can be done by the processing tax; but that is a tax added to other taxes. Thirty cents on the bushel of milled wheat will raise the price of the loaf. When all the processing taxes are arranged by the magicians what will be the purchasing power of the dollar? When I have to pay more for my meat, for my bread, for my tobacco, for my clothes, I suppose I shall be in clover. I asked a farmer the other day if he had attempted to figure out how much richer he would be on ten dollar steers, six dollar hogs, one dollar wheat, and so on after the processing taxes were fixed. And he said, "well, can you tell me if the consumers will be able to buy as much then as they buy now?" Quite so. If everything is dearer, the dollar will shrink, but these processing taxes are a mere nothing compared with the debt which sometime will have to be paid or repudiated. How far are we from the time when to keep up prices we shall have to slaughter our hogs for fat? A cable dispatch tells us that a quarter of a million sheep were slaughtered in Chile for tallow, because the English market was closed, owing to the Ottawa agreement. Never mind; now another word has been found for manufacturing, it is sure to do the trick, and make everybody rich by adding the word "tax" to it. The word "processing" was a great discovery. I should have thought, although taxes differ in degree, no one would ever dream that there was such a thing as a beneficent tax on wealth of any description. Machine-inventors had better look out for their laurels; a new

school of inventors has arisen in our midst, and they have invented a way of increasing purchasing power for the farmer, by paying him to withhold land from cultivation. He will get more money for less labor, but, as he is just as much a consumer as he is a producer, he will have to pay more for what he buys and, in all probability, he will have to contribute more than a little to the billions the government is to expend on works.

I have just read a report of the condition of agriculture in England, and as I am directly interested in the operation of a large farm there, and know what has been done for the "benefit" of the farmer, I should like to know if the inventors of processing taxes in this country have taken the trouble to find out how things stand with English farmers. According to the report from the other side, numbers of them are going out of business entirely, and this after the wonderful gains predicted for them by the British government entering into agreement with the Ottawa government. If the English landlord politician, and his politically-minded tenant farmer, cannot among themselves find a way of improving the lot of the English agriculturist, what hope is there for the farmer in this country with a committee of theorists attempting to improve his lot? Not that I have any particular grudge against a theorist—quite the reverse—but when he attempts to put his theories into practice, then I am forced to ask—what perhaps I would never dream of asking so long as theory only was concerned—where and how he got his experi-

ence. It is a pity to be so particular, but after all there is often a wide difference between theory and practice.

In the past it has seemed to be the lot of the Liberal reformers to be laughed at by the practical Tory; now the practical man of commerce and finance is laughed at by the theoretical reformers. Some of them object to the term "Liberal" and it would not be fair to give them that label. Taking them one and all, they are about the most sentimental lot of Tories that ever had the opportunity of making a complicated system more complicated. They are landlord's men to a man, and pretty nearly every scheme that has been passed by Congress since Mr. Roosevelt took office will make the landlord richer some time or another. A royal commission decided some years ago, that every improvement in the way of roads and other public services made by the community raised the value of all contiguous land. But that royal commission sat a generation ago and, for all we know, the theorists have perhaps discovered a way of making these public improvements without benefit to the landlord.

THE DIM FUTURE

In the last chapter of his book, Dr. Tugwell carries us far away from the idea of the abolition of work. He realizes that "we ought to be working long hours and many days, and we would be doing that if we made any direct connection between work and its product—

that is to say, if product did not have to be sifted through hands which are not restrained in the public interest." We must not expect the millennium to come speedily. He realizes that thinking makes cowards of us all, and the thinking we do about this problem illustrates our lack of philosophy. He realizes that controversies concerning immediate change raise "confusing dust," and the theorist is balked by ready-made attitudes. The notion which he says is abroad, "that we have too much capital already," seems to be unfounded. "The truth is, of course, that we can never have too much capital, for it is capital which does the work from which men hope to escape. We can have, at any one time, too much of one sort and not enough of others. Also we can add to our capital in wrong ways. For instance, its chief source at present is not individual savings or governmental surpluses as it ought to be, but corporate surpluses which are transformed into industrial equipment by individual businesses without any check on the likelihood of efficiency in use. This is how it happens that some industries are over-equipped and some are starved. If we had some control over prices which would prevent abnormal corporate earnings; if we had a governmental reserve fund to replace the reserve funds of individual businesses; if we had some central management of the allocation process—we should then be in a position to see that we need frugality and saving as much as we ever did. We can never have too many or too effective de-

vices to do the work of the world and to relieve men from the necessity of doing it. We forget this in our haste to devise new arrangements."

It will be a great day for labor when capital does the work. But how capital is to do it is, of course, not told. Capital being that part of wealth which aids in the production of more wealth, depends entirely upon labor for its use, and labor will in the future, as it does now, fundamentally, pay for its use what labor thinks it is worth to it. Today in Russia, the happy workers are paying as much as ten per cent for foreign loans. One company a friend is interested in has received regularly since the loan was made eight per cent for its use. Only recently, the Russian government issued an internal loan bearing interest at ten per cent. Mr. Chase might say that the government takes the ten per cent, a very simple way of collecting taxes, and one that saves such a lot of trouble with valuers and collectors. Probably the Russian government acts upon the notion that individual savings might be unwisely spent, and that government surpluses are better than savings accounts. Anyway, no matter what Dr. Tugwell's "Note in Conclusion" really means, this is plain: we shall have to wait a long time for the dawn of the no-work era. In the meantime, we must make up our minds to live frugally and watch the experiment in Utopia-building.

CHAPTER II

THE NEW DEAL

MR. CHASE is very much concerned about the question of what an economic system is for. Evidently, he is under the impression that there is only one economic system. But whether there be two, or three, or four, it should be clear to any one living under a system that it will be for anything the system permits. If it be an unjust system, injustice will follow from it. According to modern investigators, such as Mr. Keynes and Mr. Chase, there have been other systems; both repeatedly refer to them. In England at one time they had a system of taxing for revenue purposes only. In the United States the system has been one mainly for encouraging infant industries by taxing imports. There was a time when England had a system which levied no tax on the products of labor. But now-a-days all the economic systems tax wealth, so it may be said that they are chiefly concerned with reducing the purchasing power of wage and interest and penalizing all productive efforts. Mr. Chase is under the impression that "the economic system is to provide the means, without excessive waste and loss, whereby those who live under it may eat. It has a function, and the function is to provide food, shelter, clothing and comforts in as de-

pendable and adequate quantities as natural resources and the state of the technical arts permit." That may be, but there is something else to be considered, and that is the fiscal system of the government. As we know only too well, the government's fiscal system can make all the difference between those desirable things Mr. Chase mentions and poverty. When Pitt struggled with the problem of paying the enormous debt of the Napoleonic wars, he said there was a system whereby he could tax the last crumb in the worker's mouth and the last shred from his back without his knowing it. An excellent description of protective taxes—and he and his successors pretty nearly succeeded in doing it. Then there is that other chivalrous and patriotic way of waging a war that costs forty billions of dollars. What the economic system is for seems to be in practice, at present, here and in other countries, for the purpose of enriching bureaucrats and impoverishing producers. According to Mr. Chase, the system is rotten, but nowhere in his book does he reveal the faintest notion of how rotten it really is. He has undoubtedly made plain many of its serious defects, but most of them arise out of the system itself and are directly and indirectly sponsored by the government.

In some states in this country, local governments have made an attempt to remedy the defects of the system and in so doing they have forced manufacturers to close their plants and go elsewhere. In one town, not far from where I write, there was a thriving indus-

try ten years ago, employing over five hundred people. But restrictive legislation, in the way of employment and taxation, drove the organization over the frontier into the neighboring state; and this town was the only one within the radius of twenty miles that suffered severely during the past two winters. Now, whether the remedy is preferable to the defect or not might be left to the decision of displaced labor. But this I know, that there is not a man who worked in that factory who would not consider himself well-off, if the government had left it alone.

The reason Mr. Chase is fogged about the purpose of the economic system is not far to seek. It can readily be found in his reading of history. I should have thought he was far too clever a man to be taken in by Tawney and Keynes. If he had taken the trouble to look at English history for himself, he would not have been led into so many confusions. The way he treats the nineteenth century reminds me of the way political Fabians of a generation ago treated it. Dr. Tugwell, too, does not shine as a historian.

LOOKING BACKWARDS

There was a time when it was considered necessary for a political economist to know something of the history of finance and commerce. Dr. Tugwell says: "It is the machine which has provided us with the means of escape from the routines of medievalism which, by

all accounts, approached the intolerable for all but the very few of the nobility."

Now this could have been written only by some one who had not read much English history. At the time of Henry the Sixth, the Chancellor, Sir John Fortescue, wrote a book called "In Praise of the Laws of England," and this is what he said of the England of his time:

"Neither doth the King there, either by himself or by his servants and officers, levy on his subjects tollages, subsidies, or any other burdens, or alter their laws or make new laws without the express consent and agreement of his whole realm in his Parliament. Wherefore every inhabiter of that realm useth and enjoyeth at his pleasure all the profits and commodities which by his own travel or by the labor of others, he gaineth by land or water. And hereby it cometh to pass that the men of that land are rich, having abundance of gold and silver, and other things necessary for the maintenance of man's life. They drink no water unless it be that some for devotion, and upon a zeal of penance, do abstain from other drink. They eat plentifully of all kinds of flesh and fish. They wear fine woollen cloth in their apparel. They have also abundance of bed coverings in their houses, and of all other woollen stuff. They have great store of all hustlement and implements of household. They are plentifully furnished with all other things that are requisite to the accomplishment of a quiet and wealthy life."

Thorold Rogers tells us that, towards the end of the fifteenth century, "the peasant could provide his family for a twelve-month with three-quarters of wheat, three of malt, and two of oatmeal by fifteen weeks of ordinary work; the artizan could achieve the same result in ten weeks." Probably real wage was never so high. Then, within an hundred years, a complete economic, political and social change took place. Enclosure, the turning of arable to pasture for sheep, the rise in land value, the advent of the land speculator, the destruction of small holdings, and, finally, the dissolution of the abbeys, brought England rapidly to a condition for Poor Laws, always the penalty that is exacted for permitting a system of landlordism. Latimer's description of the change points the moral and adorns the tale:

"My father," says Latimer, "was a yeoman, and had no lands of his own; only he had a farm of three or four pounds by the year at the uttermost, and hereupon he tilled so much as kept half-a-dozen men. He had walk for a hundred sheep, and my mother milked thirty kine; he was able and did find the King a harness with himself and his horse while he came to the place that he should receive the King's wages. I can remember that I buckled his harness when he went to Blackheath Field. He kept me to school; he married my sisters with five pounds apiece, so that he brought them up in godliness and fear of God. He kept hospitality for his poor neighbors, and some alms he gave to the poor, and all this he did of the same farm, where

he that now hath it payeth sixteen pounds by year or more, and is not able to do anything for his prince, for himself, nor for his children, or give a cup of drink to the poor."

Before the second Tudor king had reigned ten years, the social condition of England had been reduced to general disorder, evictions, public executions, and on the highways, peopled by homeless farming folk, cut-throats and thieves fought over rags and bones when better loot was not in sight. The great conspiracy, begun by the nobles in Gaunt's day, to dispossess the English of their economic heritage and use their shoulders to bear taxation, was achieved before Henry VIII died.

Richard Cobden, in a speech on the burdens borne by land, and how the landlords had shifted their burdens on to the shoulders of the producers, said:

"Honorable gentlemen claimed the privilege of taxing our bread on account of their peculiar burdens in paying the highway rates and the tithes. Why, the land had borne those burdens before Corn Laws had been thought of. The only peculiar State burden borne by the land was the Land Tax, and I will undertake to show that the mode of levying that tax is fraudulent and evasive, an example of legislative partiality and injustice second only to the Corn Law itself. . . . For a period of an hundred and fifty years after the Conquest, the whole of the revenue of the country was derived from the land. During the next hundred and fifty years

it yielded nineteen-twentieths of the revenue—for the next century down to the reign of Richard III, it was nine-tenths. During the next seventy years to the time of Mary, it fell to about three-fourths. From this time to the end of the Commonwealth, land appeared to have yielded one-half the revenue. Down to the reign of Anne it was one-fourth. In the reign of George III, it was one-sixth. For the first thirty years of his reign the land yielded one-seventh of the revenue. From 1793 to 1816 (during the period of the Land Tax), land contributed one-ninth. From which time to the present (1845) one-twenty-fifth only of the revenue had been derived directly from land. Thus the land which anciently paid the whole of taxation, paid now only a fraction or one twenty-fifth, notwithstanding the immense increase that had taken place in the value of the rentals. The people had fared better under the despotic monarchs than when the powers of the State had fallen into the hands of a landed oligarchy, who had first exempted themselves from taxation, and next claimed compensation for themselves by a Corn Law for their heavy and peculiar burdens." (I have dealt elsewhere more fully with the history of this question.)

So when Dr. Tugwell says, "employers always possess greater bargaining powers than workers," he is making a statement that cannot be substantiated. There has never been such a thing as free competition since the time, to put it late, of the dissolution of the monas-

teries. Long after the coming of Adam Smith, there was a period, about thirty years, when England enjoyed a fiscal system of free competition of products, and that was the time when she rose in industrial greatness. But free competition, beginning with the landlords competing for land-users, has not been known for many centuries. Anyway, even if we stretch a point, employers themselves never possess greater bargaining powers than the workers. Under the depopulation acts, called officially, "Enclosure Acts," peasants migrated to the towns in search of work, and employers certainly took advantage of the congested labor market, where labor competed for jobs, reducing wage and lengthening hours. But it was landlordism that was the cause of the depopulation of the countryside. The record is extant, and there is no reason even for an American economist to be ignorant of what took place.

INDUSTRIAL REVOLUTIONS

Mr. Chase devotes two chapters to the rise and fall of laissez-faire. A sixth form boy of the eighties in an English public school could have written a better essay on the economic characteristics of the nineteenth century, because his mind would have been free from the debris of systems which clutters up the minds of our present-day reformers. Mr. Chase says:

"England was the mother of the industrial revolution, laissez-faire, and the long-whiskered classical

economists." This method of saying a lot in a short sentence is typical of the whole of Mr. Chase's work in "A New Deal." Strange as it may seem, there were several industrial revolutions in England, but none gave birth to laissez-faire. England can claim, and has claimed in her time, to be mother of many progeny she has not delivered, but she cannot claim laissez-faire as her child. Even if the long-whiskered classical economists in some strange way had connection with any industrial revolution, they were perfectly innocent of having brought laissez-faire into the world. It is poor Adam Smith who is usually selected by our authors of today as the father of laissez-faire. Of course, it really does not matter that Smith was very particular to state he had brought the child from France and could not claim it as his own. When something that is not understood is to be called something, it really does not matter what the label is, so long as the thoughtless know what is meant by it. But to return to the industrial revolutions England was mother of: there were several revolutions before the Bridgewater Canal was opened in 1762. Authors in the middle of the nineteenth century frequently referred to the great revolution produced by Hargreaves in 1767. Arkwright had something of a revolution all to himself; so had Crompton; Cartwright, too. The work of Wedgewood and Watt may also be considered a revolution, in the sense Mr. Chase uses the term. There were many revolutions in the making years before "The Wealth of

Nations" was published; and long before the book had many readers who could have turned its doctrine to account, other revolutions were in progress. But let us call all revolutions which took place before the end of the eighteenth century mere spasms of one great industrial revolution which extended from the time of Brindley to the end of Napoleonic wars. There is no evidence to show that they were related in any way to a policy of laissez-faire. Quesnay, the father of laissez-faire, died before Smith published "The Wealth of Nations." All English free-traders had to wait nearly a century before Gladstone wiped out the last of the protective taxes, and placed England on a basis of taxation for revenue purposes only. Long after the Corn Laws were abolished, there were hundreds of taxes which pressed heavily upon the workers. In a speech delivered at Derby, Cobden advocated the taxation of land values and the abolition of the breakfast table duties. The long-whiskered classical economists, whoever they were, neither in works they published, nor in speeches they made in or out of Parliament, ever advocated for England a policy of laissez-faire. It is difficult also to find the remotest connection of these gentlemen with the industrial revolution in part or as a whole. The classical economists, whether they wore whiskers or not, never showed upon the scene. Anyway, what does the term classical economists mean? What is the classic referred to that was the model of these side-whiskered gentlemen? Surely Mr. Chase cannot mean

Adam Smith's work, for economists up to the time of John Stuart Mill revealed in their works the most astounding ignorance of the principles laid down in "The Wealth of Nations." It was not until the year 1910 that any one attempted to deal analytically with Adam Smith's first canon of taxation, the canon of equality. It is one of the most amazing things to be found in the literature which pretends to deal with economics or political economy that writers, decade after decade, repeat the errors which have been pointed out over and over again by fundamental economists. Some years ago, a work was published in Philadelphia (I forget the name of it) which took the so-called classical economists' works and showed how they contradicted themselves and each other, and compiled their books on errors that had been exploded for generations. There was another book, called, I think, "Japanese Notions of Political Economy," which performed a similar service, and this notion, that England ever benefited—or suffered, for that matter—from a system of laissez-faire, is the most nonsensical that was ever cherished by writers who will not take the trouble to learn something of the subject they are dealing with. But it passes the serious stage and becomes comic, when we are told: "The United States wrote laissez-faire into her constitution, as Charles A. Beard has so eloquently shown." There is no excuse for Mr. Beard—the United States did nothing of the kind. There were thousands of men at the time of the shaping of the Constitution who had

no rights; and when Hamilton came upon the scene, he instituted fiscal measures which were contrary to all notions of laissez-faire. Laissez-faire is primarily an economic policy, not merely a political one.

SIDE WHISKERS

Perhaps it does not matter what you call laissez-faire, so long as you use the term for the condition which existed in industry in England at the time of the industrial revolution. Mr. Chase says:

"The scheme of economic activity which prevailed throughout the nineteenth century was called laissez-faire or individualism, or free competition, or capitalism—according to the fancy of the observer. These terms have been so bandied about that it is difficult to define them exactly, or to differentiate one from another. The most extraordinary confusion prevails in respect to them, and the reason is not far to seek. The underlying economic structure itself was confused, and despite all the midnight oil of the learned doctors, stubbornly refused to conform to any neat schematic arrangement." The fancy of this observer is, that laissez-faire is individualism with free competition, beginning with the sources from which men draw their sustenance. How laissez-faire could have existed in a land which boasted the strictest order of landlordism of any country in the world is never explained. How individualism could have existed in a land where most of the people

were forced to get the landlord's consent before they could use natural resources is an inexplicable mystery. But Mr. Chase has an idea that a system of individualism is made up by comparatively few entrepreneurs, that is, stretching the term, one in a thousand would be called an individual, solely because he was an entrepreneur. Capitalism is an ambiguous word, so Mr. Chase tells us, and he says: "I have looked at this word until I am all but demented, and am in favor of dropping it from the language." It is strange that capitalism has caused him so much anguish, and that he has not suffered in any way at all from looking at the words, "laissez-faire," "individualism," and "competition." He realizes that capitalism has no direct relationship with laissez-faire, meaning, of course, not the laissez-faire of the physiocrats, but something else he does not define. He says that laissez-faire and free competition are practically identical. Still, he ought not to despair. He is not the first man to be troubled about the meaning of capitalism as it is used by reformers now-a-days. I never came across a political socialist who could say clearly what he meant when he used the term capitalism. Yet, somehow, Mr. Chase gets quite hot, as children would say, in his search for a meaning. He says:

"As the case now stands, it is a six-cornered fight between the landlord demanding rent for the land on which the factory stands, the bondholder demanding interest on his bonds, the stockholder demanding dividends, the workers demanding wages, the management

demanding salaries and bonuses, and the state demanding taxes." Here he begins at the beginning of the system with the landlord demanding rent, but he loses his way as soon as he comes to the bondholder and the stockholder. He does not see how the matter would be simplified if the landlord collected rent for the state, and the produce was divided between labor and capital. I am afraid that the hirsute economists have been the cause of his confusion. He says: "All economic wheels were stopped by gentlemen in flowing side whiskers." It is a pity that such mere chin and cheek decorations should cause so much trouble, for if it had not been for the mutton-chops, imperials, and long beards, he might have the system at work as it really is. The man who can see that "the genuinely free market, where prices are made, wages are fixed, rents and interest rates determined, absolutely without restrictions or privileged pressure of any kind, never has existed and never will," ought not to be fogged by classical economists because they were flowing side whiskers.

LAISSEZ-FAIRE IN PRACTICE

Further on, he says laissez-faire in practice was very different and far more disorderly than laissez-faire in theory. But if laissez-faire in practice never has existed and never will, how on earth did it get into practice? What laissez-faire did in practice, according to Mr. Chase is worth recording. He says: "Laissez-

faire was a healthy revolt from the regimentation and restrictions of feudalism. It took economic power away from the prince, noble, and landlord, and gave it to the hustling merchant and manufacturer." For a thing that never existed in practice, it seems to have been a particularly active agent. It is difficult in this statement to know what Mr. Chase refers to. If the system he refers to as laissez-faire was that which ushered in the industrial revolutions, say from the time of the publication of Adam Smith's work down to 1910, it may be said that the noble and the landlord of England lost no economic power, indeed, the industrial revolution made them all richer. The noble and the landlord built, during the period of the Corn Laws, some of the greatest palaces which exist in England today. No architectural monument raised by the hustling merchant or manufacturer can be found to compare with the Corn Law palaces of the landlords. That Mr. Chase is not writing about laissez-faire is evident in the following statement: "Laissez-faire is barren of a sense of state, and its chief ornaments are, beyond their safes and counters, lost and homeless men." Laissez-faire in theory is the reverse of this, and as it has never been put into practice, it cannot be made responsible, even by Mr. Chase, or Mr. Thomas, or Mr. Beard, for lost and homeless men. In another place, Mr. Chase says: "Laissez-faire in the text-books and copy-books of its apologists, exalted the worst side of human nature—greed and acquisitiveness." Mr. Chase could not

produce a text-book of laissez-faire which exalts greed and acquisitiveness.

Towards the end of the second chapter on this very extraordinary system which never existed, Mr. Chase says: "As we have seen, collectivism is reaching upward, but it has not reached the top. Short of it, we must admit, it sometimes does more harm than good. When and if it does reach the top, the final tombstone will have been laid on laissez-faire." To this extraordinary pronouncement, all one can say is, "when the dead that never lived is buried, it is throwing good money away piling tombstones on the grave."

It might be asked why Mr. Chase goes to so much trouble at the beginning of his book to tell us all the defects of a system which never existed. The answer to that is one that has done service on many occasions in connection with speeches denouncing capitalism, individualism, competition and free trade, and that is, the importance of having a whipping-post, something to blame, a scape-goat. The something selected for denunciation, for blame, must be essentially a system or condition with which the mass of people is familiar. Marx knew what he was doing when he selected "Das Kapital" for the title of his book, and his disciples have made great play with his ideas on so-called capitalism. Probably when Mr. Chase set to work to write "A New Deal," he knew that the term capitalism was rather threadbare, that it had done service in hundreds of political battles since the turn of the century, and that

somehow the chains were still on the workers, and that when, since the war, the representatives of labor in various countries have held the reigns of government, they have in many respects shown themselves to be as Tory as any old-fashioned English squire. Recently in Germany and in England, where the representatives of the workers have held office, one frequently hears such charges leveled against the Labor ministers and privy councilors as, "they sell the pass, once they know the sweets of office." So capitalism did not do for Mr. Chase, and he wisely did not push the matter when he was nearly demented over the meaning of the term. Therefore, something as vague as the term capitalism was to be found, something on which all the defects and burdens of the system could be laid —hence, laissez-faire.

LABOR LEGISLATION

The system called laissez-faire which our authors admit never existed, but which they hold responsible for most of the ills afflicting working mankind was, we are told, one which left capitalists free to do as they wished in industry. They suggest in the books under review that there was practically no government interference under the system.

Now, this assumption is not true; in neither this country nor in England have manufacturers been free of governmental interference and control; and so far

as the United States is concerned, these authors contradict themselves over and over again in making such statements, for they cite innumerable cases of government interference with business and control of not only methods of production and sales, but of classes of articles that may be sold by the manufacturer. They cite the anti-trust laws, the interstate commerce commissions, government control and regulation of industry during the war, and numbers of other instances, some of them going back a full generation, of restrictive laws. If laissez-faire, then, means "let alone," a system which never existed, how do these authors account for the hundreds of regulative measures which are upon the statute book? I admit it is difficult to tell if the charges against the system are leveled at its practice here or in England, but there can be no doubt that many of the allegations against so-called laissez-faire are directly made against the system in England. I do not know whether a book called "History of Factory Legislation" published in 1903, which had some vogue, is known in this country and read by professors of economics. It is a pity Messrs. Tugwell, Chase and Soule did not have a look at it or some similar work before writing in the way that they have of the system which they call laissez-faire.

From 1784 down to the outbreak of the last great war a steady stream of factory legislation concerning hours and wages, to say nothing of sanitation, morals of apprentices, sleeping accommodation and clothing,

ventilation, and so on, and so on, passed the Houses of Parliament. From 1802, when the Health and Morals of Apprentices Act was passed, down to the time of Sadler and Shaftesbury, after the first Reform Act, the question of child labor and apprentices came under the review of Parliament frequently. It may be said, in all the legislation on this question, passed in the early part of the nineteenth century, that nothing of great importance was done to correct the defects of the factory system. That may be true. But the point is, that at no time were manufacturers left scot-free to do as they wished in their factories. Government started in early after the so-called industrial revolution to take heed of the complaints of private individuals acting alone or in societies, which called for remedial legislation. In 1847 hours of women and young persons were restricted to ten a day for five days and six hours on Saturday. In 1867, the Workshops' Regulation Act gave the local authorities power for supervising proper sanitation in factories and workshops. An attempt was made to regulate conditions in some dangerous and injurious trades as early as 1867. The Consolidating Factory Act of 1878 raised the minimum age to ten years in textile factories. Step by step, the government exercised more and more control and gave greater power to the local authorities to interfere with manufacturers. Gradually, the terrible conditions under which people labored, under which little children suffered long hours, were modified. From 1878 to 1895

the factory legislation that passed the Houses of Parliament seemed to be unending. There is scarcely one single thing associated with the life of the workers in factories and workshops that had not been dealt with up to the outbreak of the war. Indeed, it might be said that from the time of the publication of "The Wealth of Nations," until the passage of the Coal Mines Minimum Wage Act, just before the war, through the action of the public bringing pressure to bear upon the House of Commons, a completely new system in labor conditions was brought about. And during the whole of this period, government, decade after decade, exerted through the central bureaus, or by powers given to the local authority, control over the conditions under which labor of all descriptions could be employed in factories, workshops, and mines.

How the authors of the books here under review can imagine that manufacturers in England carry on their business free of government interference, cannot be explained. It is imagination run riot to suppose that any thing of any consequence was "let alone" for long in England. Perhaps it would not be a bad idea if these authors were to administer to themselves a good dose of Herbert Spencer's "Man versus the State." It certainly ought to purge them of many of the preposterous notions they hold of the system they imagine was laissez-faire. A knowledge of the growth of the British bureaucracy ought to be sufficient to instruct them that they are entirely wrong when they attribute the defects

to laissez-faire, and that they are more right than they know when they say that the system never existed.

Look at this matter from another angle, that of the concentration of wealth in a few hands. One of the authors believes that the income tax is the divinest instrument in the hands of government for correcting the evils of maldistribution of wealth. It is now more than a hundred and thirty years since this divine instrument was instituted in England, and during that time Mr. Chase would have difficulty in proving that English capitalists have been "let alone" by the government to enjoy their incomes to the full. He would be hard put to it to show how income tax now benefits anybody but the bureaucracy, which is in full control of pretty nearly everything that concerns the daily affairs of Englishmen. And Mr. Chase must have forgotten when he lauded the income tax as an instrument that makes for an equitable distribution of wealth, that death duties and succession duties have pretty nearly exhausted the best areas of supply without making the ordinary working-man as well off as he was before the war. It is extraordinary how people can talk about income tax and inheritance duties the way they do in face of the well-known fact that governments scarcely know which way to turn to find new sources of supply. So in the matter of factory legislation, minimum wage, shorter hours, income tax and inheritance duties, we find, on looking back, that capitalists for at least an hundred years, have been brought more and more under

the control of government, and that in all the affairs of business, and those concerning the accumulation of wealth, there has not been a period for several generations when they were free of government interference. It has been controlled from the top ever since I became actively engaged in party politics. What, then, becomes of the preposterous notion, held by these people, of the "let alone" system?

PHILOSOPHY ALL WRONG

The laissez-faire notion has spread like a contagion. From professorial economists, the source of the pestilence, it has made way unchecked and affected leading literary men, great lawyers, cabinet ministers, department heads, labor leaders, and now it has attacked a United States Senator. Like King's Evil it seems to be no respecter of persons.

Senator Wagner says: "The purpose of the anti-trust laws was to prevent the excessive concentration of wealth, and to keep intact the social and economic opportunities of small business men, laborers, and consumers. We desired to assure every deserving person in the country an equitable share in our rapidly expanding national wealth."

This new interpretation of the purpose of the anti-trust laws may be acceptable to people who were children in the days of Theodore Roosevelt, but I doubt whether anybody can be found who lived through the

exciting days of trust-busting who will agree that the strongest supporters of anti-trust laws ever claimed so desirable an end. Anyway, the purpose has been thwarted, according to Senator Wagner, and the reason why is, that "the method chosen was based primarily on the belief that the preservation of competition and the prevention of business combination were most likely to secure these deeply American ideals, and that nothing else had to be done." In choosing this method, it ought to be pointed out, the belief in "the preservation of competition" did not extend beyond the boundaries of the country, because the purpose of the tariff was to stifle foreign competition and enable the infant industries of the country to grow to the stature of trusts. The protective policy of non-competition fostered great business combinations. But the most extraordinary thing about Senator Wagner's statement is, he does not see that the anti-trust laws to prevent the excessive concentration of wealth, left the tariff where it was in Dingley's days. How the desire on the part of the supporters of the anti-trust laws to assure every deserving person in the country an equitable share in our rapidly expanding national wealth can be reconciled with the protective policy of the "full dinner-pail," is something unexplained. But it seems that it was not the tariff that caused the failure of the purpose of the anti-trust laws. It was the economic philosophy that was at fault. Senator Wagner says: "Even from the start the method had slight chance of success, be-

cause it was not based upon a twentieth century economic philosophy. It was not even an 1890 or an 1875 philosophy." Whatever the method was, it was wrong, and now it is perfectly clear, more than a generation after the great reform, that the whole matter should have been based upon a twentieth century economic philosophy. Strange as it may seem, it is Adam Smith again who is at the bottom of all the trouble that has prevented the proper working of the anti-trust laws. "It was the wholesale acceptance of the abstract theories of Adam Smith's 'The Wealth of Nations,' published in 1776."

So the man who, to this day, is regarded by great numbers of people in all nations as the father of free trade is held responsible for the evils of the system of protection in the United States. We live and learn in these days, but, unfortunately for the quality of our learning, there is no evidence anywhere of the United States at any time having made a wholesale acceptance of the abstract theories of Adam Smith. It must be evident that Senator Wagner went to school with Dr. Tugwell, Mr. Chase and Mr. Soule. They use the same language, they make the same mistakes, they all write about an economic philosophy that has never existed in practice.

THE LAISSEZ-FAIRE ERROR

An interesting thesis for a budding Ph.D. would be to trace the laissez-faire error to its source. It has

never been done. I can promise a great deal of amusement to the man who would take up this task. He might go back to William Cunningham and notice how a large section of his "Growth of English Industry and Commerce in Modern Times," is devoted to what he calls laissez-faire without a word of explanation of what the originators of the phrase meant by it. Ever since the publication of Cunningham's work in 1882, dozens of well-known writers on commerce and free trade have trusted to him and imagined so great an authority must have known what he was writing about. No one would think of challenging an Archdeacon of Ely, a Hulsean lecturer at Cambridge University. Such a person was above criticism, and his use of terms above suspicion. Ever since Cunningham published his works, numbers of so-called economists have done their best to perpetuate his errors. Now there is little or no excuse for Cunningham. As early as 1858 a book appeared called "Elements of Political Economy," written by a Scotchman named Macleod who had been to Trinity College, Cambridge, in which there is to be found the best description of the proposals and conceptions of the men who originated the phrase "laissez-faire" to be found in any literature. And if Cunningham, in getting his data together, had met with Macleod's book, he would not have been guilty of laying the basis of an error which has been so carefully conserved by the professorial economists of England and America.

WHAT IS LAISSEZ-FAIRE?

What is laissez-faire? Macleod's description of the fundamental idea is a very long one, and here it is only necessary to quote a part of it. He says:

"The Creator has placed man upon the earth with the evident intention that the race should prosper, and there are certain physical and moral laws which conduce in the highest degree to ensure his preservation, increase, well-being, and improvement. The correlation between these physical and moral laws is so close that if either be misunderstood, through ignorance or passion, the others are also. Physical nature, or matter, bears to mankind very much the relation which the body does to the soul. Hence the perpetual and necessary relation of physical and moral good and evil on each other.

"Natural justice is the conformity of human laws and actions to natural order, and the collection of physical and moral laws existed before any positive institutions among men. And while their observance produces the highest degree of prosperity and well-being among men, the non-observance or transgression of them is the cause of the extensive physical evils which afflict mankind.

"If such a natural law exists, our intelligence is capable of understanding it; for, if not, it would be useless, and the sagacity of the Creator would be at fault. As, therefore, these laws are instituted by the Supreme

Being, all men and all states ought to be governed by them. They are immutable and irrefragable, and the best possible laws; therefore necessarily the basis of the most perfect government, and the fundamental rule of all positive laws, which are only for the purpose of upholding natural order, evidently the most advantageous for the human race.

"The evident object of the Creator being the preservation, the increase, the well-being, and the improvement of the race, man necessarily received from his origin not only intelligence but instincts conformable to that end. Every one feels himself endowed with the triple instincts of well-being, sociability and justice. He understands that the isolation of the brute is not suitable to his double nature, and that his physical and moral wants urge him to live in the society of his equals in a state of peace, good-will, and concord.

"He also recognizes that other men, having the same wants as himself, cannot have less rights than himself, and therefore he is bound to respect this right, so that other men may observe a similar obligation towards him.

"These ideas—the product of reason, the necessity of work, the necessity of society, and the necessity of justice—imply three others—liberty, property, and authority, which are the three essential terms of all social order."

Now, I say it is almost impossible for economists to understand Adam Smith unless they know his back-

ground. He has himself paid tribute to Quesnay and the physiocrats. And, indeed, it would be hard, even taking into consideration some of his vague definitions, some of the slips of thought, to imagine the author of "The Theory of Moral Sentiments," and "The Wealth of Nations" writing a work which sets forth other principles than those of Quesnay and his school. In "The Political Science Quarterly," 1898, Hasbach said, "the physiocrats have played a far more important rôle in the development of Adam Smith than we have hitherto dared to assume. Not only did they for the first time put him in a position to develop the system of theoretical economics that was complete in matter, even if, perhaps, not in form, but they induced him to apply 'natural law' to economic conditions, and to give to the 'natural order' a far wider extension than had before been attributed to it. And these, indeed, are the very elements which give to Smith's system its sharply defined character."

I wonder how many of these university economists and sociologists know the correspondence that passed between David Hume and Turgot on this very question. In these days of kidnappers, gangsters, and racketeers the following from Turgot's letter to Hume might be taken to heart by any and every government in the world today. Turgot says:

"I do not enter into the detail of the objection about foreign trade, which I cannot regard as a very impor-

tant matter in any country, except insofar as it contributes to increase the revenue from land and which, moreover, we cannot tax without causing it to diminish. But time fails me, and I am compelled to finish, although I have many things to say about the inconvenience caused to the consumers by the tax the collection of which is a perpetual interference with the liberty of the citizens. They must be searched in custom-houses, their homes must be entered for levy and excises, not to talk of the horrors of smuggling and the sacrifice of human life to the pecuniary interest of the treasury. A fine sermon legislation preaches to highway-men!"

Let us see to what extent the error of Cunningham is perpetuated by such an authority as Dr. Tugwell. In his book, "The Industrial Discipline," he says: "Laissez-faire may have been inherited from Britain, but it found a comfortable home in the hearts of our own nineteenth century business-men. Its welcome is by no means yet outworn. But the free competition which is its distinguished characteristic, had certain intolerable results. Workers suffered under it—hours were long, conditions bad, wages low. It made shoddy goods, contrary to the theory that, in order to sell in competition, they must be good. But what is most paradoxical of all, it led straight to combination and monopoly; and so consumers suffered, too, as well as the weaker among the businesses. All these abuses

were perfectly evident and required action." And all this happened under a system which, he says, never existed!

In setting up all the new departments that are engaged in bringing about the controlled Utopia, it might be suggested to Washington that there is need for another department for the advisers of the President. A little money ought to be devoted to a bureau of instruction in the elements of political economy and economic history, with biographies of economists for light reading thrown in, say from the time of Locke and Sir William Wyndham, down to Adam Smith's day. It surely would do no harm if the government gave its advisers an opportunity to learn a little about the subjects they deal with in their works. After about six months, it might be possible for these men to know the meaning of the leading terms they use, for instance, "capitalism," "individualism," "competition," "property," "wealth," "value," "price," and so on and so on.

It seems almost impossible to reach an understandable basis for reasoning out the complications of the system. So long as writers will not define the terms they use, no progress can be made. The fog that permeates page after page in many works on business and finance now spinning off the press, grows denser every day. Take such a book as "The Modern Corporation and Private Property," by Messrs. Adolf A. Berle, Jr., and Gardiner C. Means. In it there is a chapter called

"The Traditional Logic of Property," but I defy anybody to say how something undefined can be submitted to logical treatment. The word property may have many meanings, as it appears in this chapter. It may have many legal meanings, as English jurists have frequently noticed. In the works of modern professorial economists it has so many different meanings that cautious readers are often amazed that the writers never realize their own slovenliness, that their abounding contradictions do not startle them out of their dronings. How can bits of paper, liens on the products of labor, be property in an economic sense? How can scrip, I.O.U.s promises to pay, if labor produces the wealth, be property? If a building is property, if a machine is property, things which exist, can things not yet produced be property? How does all this confusion as to the economic meaning of the term property arise? No better instance of confusion of thought on this matter can be given than that supplied by Messrs. Berle and Means. Here it is:

"The economist approaching the problems growing out of the shifting relationship of property and enterprise which we have examined, must start from a different background and with a set of interests differing essentially from those of the law. His interest is not primarily in the protection of man in his own, but in the production and distribution of what man desires. He is preoccupied, not with the rights of property, but

with the production of wealth and distribution of income. To him property rights are attributes which may be attached to wealth by society and he regards them and their protection, not as the inalienable right of the individual or as an end in themselves, but as a means to a socially desirable end, namely, 'a plentiful revenue and subsistence' for the people."

So it is not a question of what property is, or to whom property belongs, it is merely a matter of distribution of property without regard to the producers of it. "A socially desirable end" determines who shall share in the distribution of it, no matter who produced it, and the economist whose business it is to deal with the elements of political economy must now turn his attention to socialistic notions of distribution, because the people have not "a plentiful revenue and subsistence." The logic used by these writers must have been shaken up above a bit in the earthquake that dislocated economic reasoning in universities. Time was when we heard great complaint from labor because its share of the wealth it produced was not equitable. Capitalists have been called robbers. Socialists have called the system "a thieves' game." Now we are to extend the orbit of bandits and let every one participate in the sport.

In a footnote, the authors of "The Modern Corporation and Private Property," say: "Adam Smith treated property as a natural right (following the teachings of

Locke) and its protection as a 'law of nature.'" This is an interesting diversion, and it may be asked, what property did Smith treat as a "natural right"? The property these authors refer to in their book, those legal fictions which by no amount of analysis can be shown to be property in an economic sense? Let us take a utilitarian economist who was something of a logician, John Stuart Mill, and see what he says about property:

"The institution of property, when limited to its essential elements, consists in the recognition, in each person, of a *right* to the exclusive disposal of what he or she have produced by their own exertions, or received, either by gift or by fair agreement, without force or fraud, from those who produced it. The foundation of the whole is, the *right* of producers to what they themselves have produced."

Here property is evidently not a natural right. The natural right to it inheres in the producer. Smith, undoubtedly, was sometimes confused as to what could be classed as property. But nowhere is he guilty of such an absurdity as treating property as a "natural right." And Locke shows clearly that the right to property comes from man's right to himself. He says:

"Property whose *original* is from the right a man has to use any of the inferior creatures for the subsistence and comfort of his life. . . ."

It is curious how some of these authors see there is a difference between capital (in the terms of real

wealth which assists in the production of more wealth) and paper debts, promises to pay, liens on the productions of labor, and other such instruments, but never realized the difference is so great that the latter things can not be classified as capital proper. They never use the term "spurious capital" which would be the one that should be given to parchments of the nature described above. Nor do they ever see how simple it would be to check the making of these instruments by taking rent for the use of the community. These instruments arise out of and are fostered by a system of land monopoly. In the last chapters of the book by Messrs. Berle and Means, it is amazing to see how closely they have got to the crux of one of the grave problems without ever appreciating the fact that they have discovered one of its greatest defects. In the section on "Wealth," they get so near one of the sources of our troubles that one cannot imagine how they escaped it without a severe burning. Some day Messrs. Berle and Means may find time to read "The Wealth of Nations" again, and discover the author of it did not include land in his accepted definition of wealth, which is as follows:

"The annual labor of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consist always either in the immediate produce of that labor, or in what is purchased with that produce from other nations."

"LAISSEZ-FAIRE AND AFTER"

One of the most interesting books published in recent days from the pen of a professor of economics, is "Laissez-Faire and After," by O. Fred Boucke. It is unique, for the jacket is bare of blurb—no great author's recommendation is on it. Professor Boucke ought to be a proud man. It is well worth studying, for it is the best example of the modern method I have seen of writing all around a condition and never probing to the heart of it. I do not think that Professor Boucke has missed a single defect that has happened in the economic change of a hundred and fifty years, but he has touched the defects of the system so lightly that they seem to have left no deep impression upon him. No author ever asked so many questions, few authors have ever supplied so little in the way of answer. Frequently one comes across a paragraph containing three questions. On page after page economic conundrums of a superficial order are asked. Here is an example in connection with price regulations: "What rule, then, will underlie it? How is an acceptable price for controlled commodities to be fixed, and what is to be done for those who sell not enough or fail altogether? Is not a question of allocation involved, as well as one of pricings agreeable to the majority?"

It is perfectly amazing how one question breeds another. He rains questions on the reader. His chapter on national planning ought to be read every morning

by all the members of the National Recovery Administration, if for no other purpose than to let them know what a lot of questions can be asked about one plan.

Professor Boucke's effort to discover the source of laissez-faire is laudable, and he quite outshines his fellow-professors at Washington and elsewhere in the attempt to find the fundamental of the physiocrats. He does not succeed, but that is neither here nor there. The point is, he tried to succeed; the others reveal no evidence at all of any desire to succeed in this matter. He gives the reader the impression that the policy of laissez-faire was born in France, but he makes no reference at all to Quesnay and his school. There are several vague descriptions of what the policy sought to establish. They are quite inadequate, still they do show that the author was interested in the subject. But when it comes to a question of the practice of the theory of laissez-faire, he makes just the same mistakes as the other professors make. The title of his book caught my attention at once; when I saw it, I said to myself, here is another professor who must be under the impression that the policy of laissez-faire has been attempted somewhere; but I never dreamed that I should find he was under the impression that it had been practised in England and the United States. He says:

"Private initiative, before the advent of laissez-faire, was so hemmed in by police regulations, statutes at large, and administrative red tape, that, as already shown, governments had become a by-word for brow-

beating and spoliation." That was the state of affairs before laissez-faire came upon the scene. And now, after a hundred and fifty years or more of laissez-faire, according to our authors, what is the condition prevailing in the great countries of Western civilization? Basically, how do the conditions of today differ from those of Europe before Quesnay was born? It cannot be that laissez-faire came to increase the power of governments for brow-beating and spoliation, because the inference from the sentence quoted above is, that laissez-faire was a policy adopted to restrain those who believed that might was right. The first sentence in Professor Boucke's preface is as follows: "In the eighteenth century, European powers launched upon a policy known as individualism, or laissez-faire." This is emphatic enough. Later in the book, he tells us: "Laissez-faire prospered partly because a few countries were technically superior to most others." Therefore one is safe in coming to the conclusion that Professor Boucke is under the impression that laissez-faire, not Adam Smith's, but that born in France, was really practiced wholly or in part here and in England.

It is very difficult to know just how to take Professor Boucke's opinions of what the Soviets are attempting. He is cautious in statement and succeeds in a manner in avoiding the pit-falls Mr. Chase and Mr. Soule dug for themselves. Professor Boucke says:

"Russia, e.g., is a power to reckon with regardless of the permanence or transiency of its political organi-

zation. If the Soviets should not be able to maintain themselves, what of it? Though the federation suffer an eclipse or return to economic liberalism, akin to that of most other countries, why acclaim that as the salvation of mankind? Why lie low and wait complacently for developments which can never restore a Czarist economy? A mighty empire has arisen. Vast natural resources have been bared to view. One tenth of the world's inhabitants have been aroused from their slumbers. A spirit of daring has been fanned to bright flames of tireless activity. Literacy is being paired with initiative and hope, with technical insight and a nationalistic temper which will assert itself sooner or later. Older nations are beginning to gauge the result of an awakening spread over millions of square miles, destined to multiply fighting strength, to produce enormous wealth, to compete with aliens who would extend spheres of influence commercially, financially, diplomatically. How can national economy in any quarter of the globe remain indifferent to upheavals westernizing the very heart of orientalism?"

Perhaps while Professor Boucke was writing this paragraph, the advisers of the President had decided to borrow Stalin's set of plans and make the experiment in this country. It must be admitted that the tireless activity at Washington comes from a spirit of daring but, unfortunately, an ignorance of what is taking place now in the land of the Soviets. We have learned recently from one who has traveled in Russia

that the Moscow government is nowhere near solving the problem of making the peasant work without an incentive, that there is much more private trading than is admitted, and that there is a real and general shortage of food. Moreover, it is said that utter disorganization of transport is patent everywhere outside the few big cities and the de luxe trains. It may, perhaps, be all right for those who think it daring to make experiments to fasten on to the necks of the people here a system, whole or in part, which never at any time had the remotest chance of success in Russia. One of the shrewdest of the Soviet ambassadors told me that it was a gigantic task, even under a Lenin, "to attempt to sovietize a country where over eighty per cent of the people were pastoralists." The attempt broke Lenin's plans, and Stalin is now facing stupendous problems in attempting to place agriculture under a system of collectivism. Now if the Russian peasant is found to be certainly not clay in the hands of these socialist potters, what will our planners at Washington, with nothing like the knowledge and experience of Lenin and Stalin, be able to do with the millions of agriculturists in this country, who have full electoral powers, federally and locally, and who, after three years of terrible depression, will take the first opportunity that comes along to do what they think is the best for themselves, irrespective of how the rest of the community fares? If there is one thing only in this Russian experiment that should urge men here to think deeply and go slowly,

it is the notorious fact that it is all very well and good to think out a socialist doctrine in Berne or in London, but quite another thing to put the doctrine in practice when the opportunity arrives.

THE CONCENTRATION OF WEALTH

It is said that "the concentration of wealth" in the hands of a few is a danger to the state. Therefore, some reformers, keen "to put an end to robbery," concentrate their efforts on what they call trusts, great manufacturing corporations. The phrase "concentration of wealth" affects some people magnetically. It draws them, and they are not happy again until they have joined a movement of reform and paid an entrance fee. They never ask if the attractive phrase means what it says. No one connected with any of these movements was known to ask if the phrase referred really to wealth or paper—liens on products of labor not yet produced.

But these people, it seems, never show the slightest inclination to put a stop to "robbery" where robbery begins. It is rare to find in the works which deal with the concentration of wealth in the hands of the great industrial combines one line suggesting the taking of rent. The people who shout for higher income tax, because they think that large incomes cannot be accumulated fairly, let the landlords of the United States take the first share of the products of labor without a

murmur. It is very difficult to tell what is taken unfairly by the manufacturing organizations, but it is very simple indeed, to tell what is taken unfairly in the income of a landlord. Rent can be segregated from the income derived from interest and it is the easiest form of taxation for the collector to deal with. It really seems to be a matter of what is sensational, what will create public interest. It cannot be imagined for a moment that the reformers of a socialistic brand would ever say anything that would stimulate interest in the general public, including Congress, in investigating the great landlord estates of this country. Take the ore landlords, lumber landlords, oil landlords, coal landlords, consider for a moment how the natural resources of the United States are in their grasp, and then ask them for the full value of the natural resources they control; estimate the full value of the improvements of these organizations as manufacturing concerns, and separate the one value from the other. It can be done easily; but no reformer of the socialistic kind ever thinks of doing it. Therefore, one is forced to the conclusion that our reformers really do not mean business.

THE THIRD ROAD

After such an expenditure of literary energy on the defects of a system misnamed and misunderstood by these gentlemen, it might be asked what all the denunciation is for, because any one interested in politics

who can look back forty or fifty years will remember that each decade has been abundantly supplied with forceful critics of the system who have advocated similar reforms. The difference between the critics of today and the critics of yesterday seems to be that the former have a bigger field, more data, in fact, they can deal with more swindles, more crooks, and bigger deals.

A generation ago, many trained observers published books dealing with sensational defects of the system, in all its different fields, economic, political and social. Mention of the names of some of the well-known authors of that day may revive memories in those over fifty years old, of the bitter controversies about the conduct of men engaged in finance, trade and commerce. Demerest Lloyd's "Wealth Versus Commonwealth" was regarded as an epoch-making work. There were books and articles by Ida Tarbell, Lincoln Steffens, and other writers on financial and social questions. W. J. Ghent's "Our Benevolent Feudalism," and George L. Bohun's "The Plain Facts as to the Trusts and the Tariff," covered a wide area of the defective system.

But the work which towered above all others as to essential facts and clear thinking about them was "The Social Unrest," by John Graham Brooks. This was a great achievement. The author saw for himself, and his field of investigation went far beyond our frontiers. No one, so far as I can tell, now writing on the system, carries anything like the critical guns Brooks brought

into play in his work. He was a scholar, and ready in France or Germany to pursue his investigations without the aid of interpreter or local guide.

"The Social Unrest" is well worth close study today by reformers of all schools. Our would-be controllers from the top should learn a lot from it, especially as to how well the work of investigation can be done by a properly equipped student.

Mr. Chase is a planner, and like most planners of changes in systems, he has a plan which might be called *multum in parvo*. He says:

"Most of the programs for reform which have been pouring in upon us ever since the depression started—including those of Keynes, Salter, and other intelligent and distinguished students—have, to my mind, one fatal defect. They do not ask what an economic system is for. They assume that the prevailing system, badly as it wants repairing, is the only conceivable system."

The grave omission of Keynes and Salter in not asking what an economic system is for, puts them out of court as authorities, and that is all to the good, because when the great day comes, how perfectly wonderful it will be for us all to realize that hundred per cent American planners have done the job without foreign assistance. The goal is to be reached by what Mr. Chase calls "the third road," but much must be done before we can travel on it very far. He says: "The third road, if it is indeed a left road, must move into

entirely new philosophical territory, where economic activity ceases to be a stimulator of the ego and a plaything, and becomes a serious business, which, in its own defense, the community must control. The working habits of the general population need not greatly change; attitudes must change completely."

How long it will take to pave the road that is to move into entirely new philosophical territory no one knows, and no one is quite clear about the location and climate of the territory. I suppose all that is necessary for us to know is, that the territory must be philosophical; that seems to be the *sine qua non* laid down by all these authors. Dr. Tugwell is very particular about it. When we read Mr. Chase's statement of the great objective, we get a notion why he rejects the programs of reform of Keynes and Salter, and insists on asking the question what an economic system is for. He says:

"The goal of that active minority upon which we place our hopes is short and simple: to abolish economics as a major problem; to give the economy of abundance a chance to function, which means bringing distribution to a par with production; to banish economic insecurity and give mankind at last an opportunity to breathe deeply, and to *live*. If Russia has the same goal, we can only congratulate her on her common sense. Methods may differ widely, but what is wanted of economics is clear enough in the minds of thoughtful men and women the world around. We

want it to give freedom, not fetters. The machine promises more freedom than primitive nature peoples or the most stable of handicraft communities ever dreamed of. The price of that freedom is control of the mechanism; the mechanism of steel and the mechanism of gold."

Here we discover that it is an active minority that is to be relied on for fulfilling our hopes, and that this active minority is to abolish economics as a major problem. We may be sure that our planners will free themselves from the fetters of the past. The fly in the ointment, if one may use such an expression in considering a subject so serious as this, lies here, "to the best of my knowledge and belief, every measure can be instituted without serious change in the constitution or profound violation of existing political or economic machinery." It seems almost incredible after raising our hopes of what we may expect from "A New Deal," that it is to be brought about without serious change, economical or political. Presumably, Congress and the local legislatures, to say nothing of municipal councils, will function along the lines laid down by the President since he took office. Perhaps the Senate will be used for investigating private banks, and sanctioning all the legislation they must pass. What has been called "laissez-faire" will be patched and tinkered to suit the new conditions, but the economic system will undergo no profound violation. Mr. Chase says a very impres-

sive beginning could be made on the problem of distribution, if we brought to a successful conclusion in the next two years only three means:

"A managed currency.

"The drastic redistribution of the national income through income and inheritance taxes.

"A huge program of public works."

It may be pointed out that England has not yet made a success of her managed currency—probably it has not been managed enough; as for the second means, Mr. Chase ought to know that it has been in operation for a long time, and it has not by any means kept the dinner-pail full. The third item is the means of piling up enormous debt and enriching landlords.

INCOME TAX

The probability of failure does not bother Mr. Chase, no matter what has happened in other countries when similar proposals have been put into operation. The limit of self-delusion can never be reached, when planners of the New Era can discover that "the income tax is one of the divinest engines for rectifying the maldistribution of national income ever invented." A glance at the revenue returns given in the British Statistical Abstract for this year might make Mr. Chase change his mind. A system which has made more liars than ever Satan did, as practiced by Great Britain, has certainly not rectified the maldistribution of national in-

come. I can remember a time when Asquith and Lloyd George thought they had discovered the divinest virtue of the instrument when they differentiated between earned and unearned incomes; that was a long time ago, but now incomes are getting smaller, and the taxable area less. Long before the war, there were numbers of people in England who thought a more equitable distribution of wealth could be brought about by taxing incomes heavily. Well, they have been taxed heavily, and the result is, debt, dole, and deprivation. But Mr. Chase is not sure of his ground, for he says: "The government should definitely abolish the policy of balancing its budget every fiscal year and adopt the far more intelligent method of long-term budgeting." It is difficult to understand, if the income tax is the divinest engine Mr. Chase thinks it is, why the budget should not be balanced every fiscal year. Referring to inheritance and gift taxes, he advocates, "both a percentage tax and confiscation of principle above a given maximum." Why, then, long-term budgeting? Why should he be in favor of an unbalanced budget, how can he subscribe to a system of "things are not what they seem," when he devotes two-thirds of his book to denouncing this very system when it is practiced by industrial organizations and great financial houses? Presumably, the state is to practice any and every rascality, so long as the docile Congress legalizes it. When the serious-minded planner descends to the advocacy of state lotteries in lieu of what he calls "the best gam-

bling joint in the world—Wall Street," I suppose we may expect "A New Deal" to provide roulette, the third card trick, and "Watch the Queen," on every street corner, because men love to gamble. Seemingly, Mr. Chase thinks it all right for some one to win a million dollars first prize in his new year's lottery, but that it is all wrong for somebody to win a million in Wall Street. Probably when the era of "A New Deal" comes, the "control from the top" will be ripe for thimble-rigging the draw. We have had all kinds of rackets in the past few years; perhaps the lottery racket at Washington will be the next one.

RUSSIAN FUN

Now some of the readers of "A New Deal" may be under the impression that the book has been written for the purpose of enlightening the public as to the way they are bamboozled, and that Mr. Chase is a gentleman of single purpose and thinks only of the public good. All that may be true. Still, I do not think I have ever read a book of the kind which reveals such an unmitigated contempt for the people the work pretends to educate. This is a work that is written, to my mind, for a comparatively few literary gentlemen who, when the great day comes, will "control from the top." It is said that a certain British politician, when he was a boy, placed a photograph of Napoleon under his pil-

low at night. I can imagine Mr. Chase, Dr. Tugwell, and others who think as they think about new deals and planned societies, going to bed now, in their maturer years, with photographs of Stalin under their pillows. Mr. Chase says: "Why should Russians have all the fun of remaking the world?" Of course, he means, "why should two or three dozen Russians have all the fun," and for the word "world," it would have been better if he had said, "a few government offices in the towns in Russia." Those of us who will have nothing whatever to do with the control from the top, when the happy days of collectivism begins, will be the damn fools who buy and read their books, whether we are literate or not. Mr. Chase says: "If all consumers would wake up literate tomorrow morning, the commercial fabric will be torn to pieces. It has been patiently reared on the assumption that we are natural-born damn fools." Whether the commercial fabric has been patiently reared on the assumption stated above, or whether we are what he says we are, because we, as consumers, are not literate, is difficult to determine. It is very kind of Mr. Chase to include himself in the victims of this system, but it is only his way of being polite. He knows very well that he is literate, and that he cannot be taken in by the commercial fabric. He might be taken in by the term "laissez-faire," he might be taken in by Moscow, he might be taken in in many ways, but he cannot possibly make us believe that he can be taken

in by an advertisement of a breakfast food that is not all that it claims to be. He knows far too much to be taken in by that. There is, nevertheless, one thing of which he is very sure, and that is, our delight in learning from him how we have been taken in by the directors of the old deal.

THE PUBLIC

If one really desires information of the capacity and ability of the public generally to bring about a new deal or a planned society, all he has to do is to read the books written by Messrs. Tugwell, Chase, Soule, *et al.* No Tory can find elsewhere stronger evidence of the disinclination of people generally to help themselves and improve their condition. In the books of these authors the people seem to be a rather unintelligent, disorganized mass, imposed upon day in day out by a handful of corporation bandits. Taking candy from a child scarcely describes the ease with which they are robbed and bamboozled. They never learn. Experience slips away from them like water from a duck's back. And these are the people to bring about a new deal, a planned society, a workless millennium. The real fact of the matter is plain; the authors of the changes to be made do not intend to rely on the coöperation of the public they describe so vividly—*they will make the changes themselves.* By outwitting the feeble-minded

politicians, and usurping the control of government, they unaided, all alone, will turn the trick. Mr. Chase says:

"The road to violent revolution is blocked. The road to business dictatorship has mud holes and soft shoulders. Other nations may follow one or the other in the next few years, but hardly the United States. We turn to the third and last road: the drastic and progressive revision of the economic structure avoiding an utter break with the past. It must entail collectivism pushed at last to control from the top, but control over landmarks with which we are reasonably familiar. It may entail a temporary dictatorship; I do not know. But it will not tear up customs, traditions and behavior patterns to any such extent as promised by either the red or black dictatorships."

Mr. Chase with the assistance of Mr. Untermeyer and other investigating wizards cites the cases of Kreuger and Insull and other big swindles, and yet the new deal is to benefit us who were taken in by the Napoleons of brimstone and gas.

When I was a child, I was often sent to bed without supper, and my mother was good enough—thank God! —to let me know why I was punished. But she never thought of rewarding my misdemeanor. When I became a man and with my eyes wide open persisted in doing such childish things as buying the stocks of the Napoleons of Pyramids reversed, I put myself to bed

without supper. Now all is changed in disciplinary and punitive notions. Mr. Chase in sorrow for me will give me a new deal, and Mr. Soule offers me a planned society, where the foolish keep on fooling on three square meals a day.

CHAPTER III

A PLANNED SOCIETY

MR. SOULE'S book, "A Planned Society," was published two or three months before Mr. Chase gave us "A New Deal." The books are about a year old, and already much of the criticism of the system set down in these works has lost its bite. There is a reason for this which is very seldom considered, and it is, that people are only interested in the names of the persons connected with commerce and finance who cause a scandal by taking advantage of the system, and sometimes carry their operations beyond the nefarious limit laid down by the law. People, generally speaking, are not interested in the way industry is conducted or high finance is managed. It is the name, not the deed, that makes the sensation. Why should the public, carrying some continuity of tradition, be so frightfully shocked as reformers think they are at the misdemeanors of some commercial and financial men? The public have a pretty good idea of what men are capable of doing under this system, and, without doubt, Grandpa can tell awful stories of what great industrialists did in his youth, he can tell the reason for the anti-trust laws, the inter-state commerce laws, the break-up of the oil companies, the segregation of the packing companies;

he can tell most of the terrible stories that shocked the reformers of his day. Moreover, Grandpa's son can carry on the story from the day he left college and entered commerce; and so on, from generation to generation, the same old defects of the system make a front-page sensation for three days with new names, new figures (billions instead of millions) and a brand-new set of reformers. The public are interested in the scandal certainly not any longer than the city editors. After a few days, when it takes a microscope to find the report of the investigation on page seventeen, one can be certain that the public have left the literary features of the investigation to be enjoyed by Senators and humanitarians. It is sad but true, as some one said about the recent investigations held at Washington, that the general public prefer the picture talkies to the political talkies. If the political talkies ever got us anywhere, it would be an entirely different matter; and there is no doubt that the public, that great mass of humankind, imposed on by all and sundry, has got into the habit now of feeling when the great commercial or financial sensation arises, that nothing much will come of the senatorial investigation which is sure to follow.

Is it any wonder, then, that so much set down by Dr. Tugwell, Mr. Chase, and Mr. Soule seems stale and unprofitable now that recovery is taking place before the National Recovery Administration has demonstrated what we can do to be saved? The public have not shown that they have been deeply impressed by

them, unless, of course, the authors who wrote before November last can show that it was their works that decided the voters to elect Mr. Roosevelt and not Mr. Norman Thomas.

I am curious to know how the opening paragraph of Mr. Soule's "A Planned Society" would impress that mysterious person, the average elector. Mr. Soule says:

"The decade began in pretence and ended in bewilderment. It was outwardly ruled by institutions and codes in which, inwardly, we were coming to disbelieve. Propaganda and publicity took the place of faith. Individuals, forced by increasing pressure of circumstances to act as members of society, denied social validity. Revolt was an emotional necessity, but it had little hope and less dignity. It scurried up innumerable blind alleys. The dominant cohesive effort in our order endeavored stubbornly to impose on a new age the forms of thought and behavior appropriate to ages that had passed. The story of the decade is the story of their supremacy and eventual discomfiture."

Presumably, there are people who know what this means, but their number must be strictly limited. I have met coteries who talked such a language, but I have never been able to find that friend among them good enough to explain to me what such statements mean, and what their utility is. Sometimes I have been so forward as to ask questions and by asking them disturb the placid waters of the tea-party. I have earned for myself the look of contempt, the pitying

glance, and that sneer which chills the marrow in one's bones. But I have never yet learned what it is all about, and I sincerely hope that it will not be said that I am dull of comprehension or that I am raising questions unnecessarily, or merely trying to be disagreeable. I really do want to know what the Dr. Tugwells, the Mr. Chases, and the Mr. Soules are after, because I am one of the public, and a tax-payer. I think I have a right to learn, if I am to get my money's worth when society is properly planned, when a new deal is made, and industry is disciplined to the n'th degree. It may be sheer obstinacy on my part to insist on knowing whether life will be worth living under the new régime; but after such an experience as we, meaning the public, including myself, have been through during the past three years, it is the merest part of wisdom to try to find out if the new era will be fraught with the surprises, the risks, and the sensations of the old. Therefore, I must not be considered over-particular when I ask the authors of the millennium planned in these works to come down to brass tacks and state clearly what we are in for. There seems to be in Mr. Soule's mind an idea that one trouble with the past has been that civilization was unmanaged. Now, it is this idea of management, control from the top, which is found in all these books. The authors seem to have an idea that if they, or some persons unnamed, can only manage industry and banking, civilization will be more like the thing they dream about. Politicians, business-men,

and bankers have held a point of view "unscientific and futile," because they have held to the viewpoint of the classicists. Mr. Soule says:

"A great many leading politicians, business-men and bankers talk as if they knew nothing about the matter except the point of view of the classicists. They never seem to expect depressions before they arrive. When a depression comes, they talk volubly about a return to normal. They assume that the depression was caused by some interference with the ordinary processes of business, and that continual prosperity can be assured in the future by preventing such interference. This point of view is unscientific and futile."

This may be true, indeed, in many respects, there is truth in the statement; but Mr. Soule does not tell us who the gentlemen were who knew all about the matter, who knew when depressions were to arrive, who knew that depressions were not caused by some interference with the ordinary processes of business. Can it be that the world was warned, say in April, 1928, a month before commodity prices began to fall, according to the "Times," London, index number, and that the great captains of industry and leaders of finance were so busy making money that they never gave heed? Can it be that some professor of economics published a warning and no one in authority took notice of it? I have searched many volumes for such a prediction of coming depression, and nowhere have I found the slightest evidence of one having been made. But, perhaps we

may be sure, after this one, that we shall be warned in good time before the next depression overwhelms us.

THEORIES OF SOCIAL REVOLUTION

There is a chapter in Mr. Soule's book which might be read with profit by men of business. It is chapter four, called "Theories of Social Revolution," and in it Mr. Soule tells us what he knows about the various schools of revolutionary thought. "The outlining of better social orders has been a favorite occupation of philosophers and poets ever since Plato wrote his 'Republic.' Sir Thomas More's 'Utopia' gave its name to the species; there is a long line of utopias, having varied characteristics. We have had, in our own day, a large number of utopia-drafters. People have discussed, as they might discuss the æsthetic values of so many epic poems or other works of imagination, the relative desirability of socialism, communism, syndicalism, guild socialism, the coöperative commonwealth, distributivism, anarchism. Each of these words has been given numerous specific meanings, according to the person writing about it, the special sub-school or faction of the revolutionary."

This is interesting, but there are some utopia-drafters of our day he skillfully avoids dealing with. Maybe they are not to be mentioned with Plato and More. But before one willingly accepts the new Republic for the one that Plato was interested in, we ought to de-

mand more particulars of the real intentions of those who desire to plan society anew. Mr. Soule, with ingratiating aloofness, tells us the many notions held by people who call themselves socialists or communists. He tells us what his ideas are of syndicalism, guild socialism, and anarchism. Now the puzzle of the work is to find out what Mr. Soule is; and my guess is, that he is a sentimental liberal socialist, but does not feel it convenient to say so.

DISTINGUISHED ISOLATION

But no matter how he tries to hide his thought, his books do the talking. The type is well-known in Europe; it never quite succeeds in deluding itself. It desires to be different, because "there is something distinguished in holding aloof from the hurlyburly of party strife." Before the war, there were numbers of young men who came down from the universities, full of zeal and eager to devote their lives to raising up the victims of the capitalistic system. Many of these young gentlemen held aloof from the political movements of the day, many made their way into settlements of philanthropical organizations, but after a time, they, for some strange reason, appeared as candidates in constituencies long held by liberals and, later, some of them entered Parliament. For the period of election they deluded themselves to the extent of appearing as liberals. In the House, they made their way rapidly

by denouncing the government because it was not more socialistic. The government, unable to go further, for the time being, and wishing to stifle criticism that was like precious fuel thrown to the labor opposition, made peace by taking them into the government. Once there, they became government men, and then the responsibilities of office outweighed the noble ideals of early years. It is strange how fascinating socialistic thought and literature are to so many who lack the courage of joining a socialist organization. How hotly, yes, angrily, have I heard these young men deny affiliation with any of the socialist movements. Before the war, when in England the line dividing radicals and socialists was strictly drawn, these young men often encountered at political meetings an opposition which hailed them as socialists; not infrequently were heard the cries: "You're on the wrong platform!" "You're no Liberal!" "Come down and join us!" and so on, and some of them could not understand why they were so misunderstood. One came to me in great trouble during an election in 1912 and asked what was wrong; and when I told him he used the same phraseology as Fabian socialists and socialists Fabians, he seemed to be mortally shocked. So it is with Mr. Soule and Dr. Tugwell and others of their kidney. Their dignified aloofness is comic when they write of socialism, communism, and anarchism. Their books are shot through with the verbiage of weak-kneed socialists. They put me in mind of a certain type of pamphleteer that used

to be connected with the Social-Democratic Federation, who wrote about Marx and Engels without revealing the slightest indication that he had studied the writings of these men. What he did was to perform the operation of polite emasculation and leave poor Marx and Engels without virility whatsoever. But it is Mr. Soule who is the gelder par excellence. Let us take some of his notions of the theories of social revolution. He says:

"Socialism, for instance, is often understood to denote the ownership of factories, railroads, and other productive property by the State. It would leave personal property to the individual. Some Socialists favor national ownership of land, including agricultural land; others do not. Many Socialists believe that, for a long time at least, only the more important large-scale industries ought to be nationalized, while smaller and more normally competitive industries ought to be left in private hands."

In this paragraph there is not one valid description of socialism, and one is forced to the conclusion that Mr. Soule either finds it convenient not to state clearly the proposals and conceptions of socialism, or that he is totally ignorant of what they are. What people who call themselves socialists favor is beside the question of socialism. Either socialism has a definite aim and purpose or it has not. If it is a mere political cloak for a sentimental reformer who desires only ameliorative measures, then it is scarcely worth the notice given

to it by American editors and writers for timid weeklies. The proposals and conceptions of socialism have been stated over and over again by Gronland, Bebel, Max Hirsch, Professor Flint, and numbers of other well-known authors. These proposals and conceptions are as follows: The state shall control all the means of production, distribution and exchange, for the equal benefit of all; and the state shall control persons, their faculties and their possessions. Mr. Soule says socialism is often understood to denote the ownership of factories, railroads and other productive property by the state. This notion of socialism leaves out entirely the question of the land, indispensable to the running of factories, railroads and other productive property. Further, he says: "It would leave personal property to the individual." No system of socialism is at all possible that leaves land and personal property in the possession of individuals. It does not take into account the question of exchange and makes no mention of any distributive proposal. Then Mr. Soule says: "Some socialists favor national ownership of land, including agricultural land, and others do not." Are we to take it that there are people who call themselves socialists who believe that the important large-scale industries ought to be nationalized and the small industries left in private hands? Could a success be made of the more important large-scale industries against the competition of the smaller ones? Is there any system of socialism laid down by a socialist proper that permits competi-

tion of any kind whatsoever? Under socialism competition must go, all rights must go, all women must work (Bebel), and there must be no family life. This might seem absurd to Mr. Soule and the other socialists who favor a bit of this and are not in favor of a bit of that, but it is, after all, a perfectly logical system worked out by some of the keenest minds of the nineteenth century. When somebody protested against Bebel's idea that all women must work and therefore there could be no family life, he roared out: "Has not woman a mouth and stomach, and must she not do something to fill them?" Of course; and if man is to be at the beck and call of the state, and must go where his services are required by the state, what chance is there for home and wife? Is it not time to drop all this trifling with piecemeal reform and consider the great problem of civilization as one for drastic treatment? What purpose is served in reviving here all the blundering notions of sentimental reformers who wrote before the war? There is not a single idea in any of these works under review that has not been dealt with thoroughly in numbers of works published in Europe before the war took place, and Mr. Soule, and Mr. Chase, and Dr. Tugwell write as if their ideas of a planned society had never been challenged. Perhaps they do not know the literature of this question. Surely it is not possible they are deluding themselves by thinking they can take the silly proposals of the sentimentalists, and, by giving them another twist, make them workable.

DEMOCRACY VERSUS SOCIALISM

There was a time, towards the end of the nineteenth century, when certain men who had been studying what was called "socialism," thought it was necessary to understand what the word meant, to define it in clear terms. All the way from St. Simon and Fourier, to Owen and Marx, the word had no particular meaning. The quarrels at Erfurt and Jena among the anarchists, socialists, and nihilists proved conclusively to many people how necessary it was to submit the meaning of the word to a strict analysis. Max Hirsch, who wrote "Democracy Versus Socialism," was the first to apply himself to the task. In a course of many lectures given in Melbourne, Australia, Hirsch brought to bear upon this subject an extraordinary amount of data and a breadth of learning that few men possessed at that time so far as this subject was concerned. Among the pamphlets published by "The Freeman" is Hirsch's analysis of the proposals and conceptions of socialism. If any one is curious to know why the Soviet system under Lenin, and now under Stalin, has broken down, I strongly advise him to get a copy of Hirsch's pamphlet and read it carefully. Any one who will do this must be forced to the conclusion that we are today largely in the hands of men who are advocating a system the consequences of which, in practice, they know little or nothing about. It will be plain that they have not taken the trouble to work out an analysis of what

socialism leads to. Any one can get up and call himself a socialist and advocate socialistic change. During the general elections of 1910 in England, numbers of people supported socialist candidates because they were dissatisfied with the slow workings of government in the way of reform. People were out of work, hungry, homeless; millions were earning scarcely enough to keep their heads above the poverty line, and little children were suffering. These evil conditions could not be tolerated by right-minded people. But numbers of them, when they at question time asked these socialist candidates what they intended to do and what their legislation would lead to, found in every case—there was no exception, not even in the case of Victor Grayson, the first declared state socialist to enter the House of Commons—that they did not know. All they wanted was reform along their lines of thought. They wanted the hungry fed, the homeless sheltered, the ill-clad warmly clothed. But certain radicals, utterly opposed to socialism in any shape or form, recognized all the evils the socialists saw and desired to put an end to these evils. Now, in this country, it seems that Democracy is not incompatible with socialism. In this country, a radical is frequently called a socialist. In the books under review, over and over again, it is shown that some forms of competition are permissible under what is called socialism. Even capitalism, in some instances, is to be tolerated. No such nonsense was current in the elections of 1910 in England, and it

would certainly be worth the while of Mr. Norman Thomas, Mr. Chase, Mr. Soule, and many other writers, to review what took place in England before the war on this question. Undoubtedly, things are in a frightful condition. The evils of the system are known to everybody. But even a small dose of socialism, administered increment by increment, could very easily make things much worse. The other day I picked up a magazine and read the statement of a friend of mine, a clergyman, whose heart must be torn by all the sordid conditions he sees every day, by the squalor, the want and penury of decent folk. These conditions have driven him straight over to what he calls "socialism." But I am certain that he would fly from any notion of socialism, if he took the trouble to learn what is entailed in a workable system of it. He is advocating something the consequences of which he knows nothing about. After all, there can be only one way of doing the right thing. There are no two ways about justice. Why in the science of economics there should not be recognized by everybody a simple principle, good for all, as there is in physics, for the life of me I cannot tell. The nuclear theory as expounded now by Lord Rutherford in his recent Boyle lecture, leads further and further towards precise simplification. No matter how the superficial aspects of a system that is loosely called capitalism have become more and more complicated, with the ensuing evils of complication, man remains what he has always been, an economic animal;

and the factors in production, no matter how things differ in degree, remain today what they were at the beginning, land and labor, assisted by capital. Principles do not change. Methods of production, monetary systems, the fiscal systems of government, distributive systems, all these may change and change again, but the basis of material existence remains the same. Man is a land animal now and, no matter how the changes are rung on the things that are susceptible to change, man will remain a land animal. If he suffers under a system of inequitable distribution of the wealth that is produced, then an inquiry must be made into the conditions which affect the sources of his well-being. A trifling change in the monetary system, a little less production, fewer bureaucrats and less taxation on the production of wealth, may bring some amelioration for a little time; but the evils will persist in a diminished degree, only to increase afresh when the next crisis arises. A new war, a spendthrift government, a restoration of protective taxes, higher taxation on the production of wealth—any of these will be sufficient to bring back the old evil conditions, and make man's lot worse than it was before.

CONDITIONS IN RUSSIA

It is curious how time, a few months or a year, has wrought a change in the conditions here and in other countries which obtained when these authors wrote

their books. Consider what has taken place in Russia in a few months, to say nothing of the extraordinary changes which took place before Lenin died. I admit it is difficult to find reliable information on what is taking place under the Stalin directorate, but there seems to be no doubt that Russia is now passing through a very grave crisis. While Litvinoff was at the World Economic Conference, Kerensky, in a letter to "The Times," London, challenged him to make a statement on the condition of agriculture. But the delegate of the Soviets did not take it up. Kerensky referred to M. Sabline's letter, in which, he says, "a very accurate picture of the terrible crisis in my country," was given. In the Ukraine, people were eating the carcasses of horses, cats, and even human flesh. In a town in Southern Siberia, flour was given only to the sick on a doctor's prescription. In the Northern Caucasus, the population was reduced to eating the bark of trees. The conditions in many of the provinces under the Five-Year Plan are considered to amount to a "famine without parallel." And Kerensky states that from his sources of information in Russia, he gathers that a calamity of great magnitude awaits the people this autumn. Of course, it may be said that Kerensky, a disappointed politician, is prejudiced against the Soviet directorate and therefore piles on the agony. But that cannot be said of M. Sabline, nor can it be said of the impartial observers who have been writing letters to "The Times," challenging the statements of Mr. Du-

ranty. For several months, the problems of the conditions in Russia have been dealt with by numbers of people who have been in Russia recently and if one half of the reports can be accepted as true, then Mr. Soule will have to search elsewhere for experiments in support of his plans. He says: "Soviet Russia has a means of increasing purchasing power as her production increases. She can distribute it in wages, or collect it in profits, to be paid out again for more production, as she pleases. It is difficult to see how any crisis could possibly arise from such a thing as general 'overproduction' in the Soviet economy, if it can be operated in practice as in theory it is laid out.

"And Russia has an objective which is capable, both of arousing general enthusiasm, and of furnishing concrete bases of judgment for its planning decisions.

"These are the outstanding lessons to be learned, so far, from Russian planning."

The outstanding lessons to be learned from Russian planning seem to be those which this country should avoid at all costs. The Five-Year Plan—or plans, for it is absurd to speak of one of merely five years; there have been fully two definite Five-Year Plans—is a complete failure. After the defeat of the White armies, the Kolchak-Denikin armies, Lenin wrote: "I have seen the comrades from Siberia, I have seen Lunacharsky and Rykof from the Caucasus; they speak in amazement about most of these lands. In the Ukraine they feed the pigs on wheat, while in the Northern Caucasus

the peasants, in selling milk, wash out their glasses with the milk itself. From Siberia, trains reach us full of leather, cotton and other riches. We have in the Ukraine, Caucasus and Siberia amazing wealth." Now these districts are suffering from a famine without parallel. Is it to be imagined that this gigantic failure of attempting to put the proposals and conceptions of socialism into operation is "to be attributed to programs developed without adequate research and reason, programs without policy?" Can Mr. Soule imagine the American people, no matter how hoodwinked they may be for the time being by the psychological inflationary process, permitting a control of industry anything like as strict as that which the Stalin group maintains in Moscow? It seems easy now to push people about after three years of suffering. Suppose there is a great shortage of cereals next year and an abundance of cattle. What will happen? When farmers cannot feed the kine and flood the market with steers, hogs and sheep, what change will the psychology undergo, and what will they think of the planners who urged them to produce less by bribing them to take land out of cultivation? Is there any plan our professorial utopia-builders can think of which can successfully deal with drought, pest and flood? Have our planners some trick, some card up their sleeves which they will play, that the planners at Moscow know nothing about? Mr. Soule says:

"Of all idle Utopian dreams, unlimited capitalistic competition is the most fanciful. We never really had

it; we are getting further from it every day. Why not frankly acknowledge that sensible management for collective purposes is the necessary goal, and see what we can do to achieve it? Why not devise our controls with that purpose in view and mobilize them about it?"

OUR LENINS AND TROTZKYS

There was one feature of the Russian revolution which stamped it with some degree of courage and honesty that our planners' revolution lacks entirely, and that was Lenin's and Trotzky's forthright candor about the nature of their scheme. They never attempted to dodge the fact that they believed in state socialism. It is different here with the Soules, the Tugwells and the Chases. Lenin and Trotzky were out for complete change. Our Lenins and Trotzkys only want control from the top without fundamental change.

It would be well for the advisers of the President to claim as little as possible for the "success" of their scheme. Local bank moratoria preceded the national one. That should not be forgotten. Moreover, there was much evidence of slight changes for the better taking place in industry before the inauguration in March. In a country of vast natural resources where there are over one hundred and twenty-five millions to be fed, warmed, clothed and sheltered, a change for the better was due when inventories and commodity prices were

reduced to the index figures of February last. Give all the credit that is due to the government for what was done at the time of the national moratorium for banks—there still remains abundant evidence that the country was ripe for a decided change in conditions. For Dr. Tugwell to imagine it was the wand of authority, presented to the President by Congress, which touched magically the corpse of industry and quickened it, is nonsense; for not one of the government's recovery schemes was actually in operation four months after the inauguration, when Dr. Tugwell wrote his article to the New York "Times." It is just as well in such a crisis to remember the resilient spirit of this people. It is just as well to remember, also, the amazing extent, climate, and natural resources of these states. A people who can endure physically and spiritually the despair of 1932 must be capable of rising to the highest measure of hope. To forget this would be an intolerable oversight, and might very easily lead professors who are not in direct touch with industry into all sorts of regrettable confusions of thought. If it is necessary for the success of the government's plans, and the plans the advisers of the President have not yet divulged, to claim wholesale credit for the improvement that has taken place, then there should be no dispute as to where responsibility should be fixed if their plans fail. They cannot have it both ways. When the time comes to put a stop to what is called inflation, and international stabilization of money is to be dealt with,

will the American people readily make the "psychological" change?

Furthermore, the government has been warned of the pitfalls of the "Public Works" policy. Recently, the President of the Board of Trade in England, Mr. Walter Runciman, said, Great Britain could not consider such a scheme, "and if we are asked to lend money for it, the answer is in the negative. We spent ten millions sterling in recent years in employing two thousand men directly and two thousand indirectly and found it unduly expensive. It is an experiment, and we don't intend to repeat it. We have terminated our schemes for relieving unemployment by capital expenditure, and will not reopen them, whatever may happen elsewhere."

One reason why the British Government has found a "Public Works" program impracticable, was stated by the Chancellor of the Exchequer. He said:

"Every one who has been concerned in the administration of a great town knows how, when you want to cut a little bit off the side of one of your busiest streets to give a little bit of ease to your congested traffic, you have to pour out money by the thousands of pounds for every yard you snatch for the need of the community."

Instances of the difficulty referred to above are given in an article in the "Daily Herald," London, by Mr. Francis Williams, the city editor, who had been one of the strongest advocates of Public Works schemes for the unemployed. He says:

"I suggest that the House of Commons ought to ask for a detailed statement of how the £100,000,000, referred to by Mr. Runciman has been expended, including the exact period which it covers and the way in which the money was distributed.

"Judging such things as the Charing Cross Bridge scheme, the information provided in such a balance-sheet might be illuminating, and might provide evidence that in actual fact only a small proportion of the £100,000,000 stated to have been spent has actually gone in wages.

"It will be remembered that the scheme for building a new Thames Bridge at Charing Cross was to cost £16,865,000. According to an estimate of the expenses of the work made available in evidence before the Committee to inquire into this scheme, out of this total of £16,865,000 the sum of £11,126,000 was to go in the purchase of land, easements and permanent rights, leaving a balance of only £5,739,000 for actual bridge and building construction, for new streets and for rehousing.

"In another case—that of the improvement of the Elephant and Castle at London—in order to do away with the present traffic congestion there, the total cost of the scheme was estimated at £1,970,000, out of which total only £512,000 was actually to be expended on reconstruction, the balance of £1,458,000 going in acquiring the necessary land and easements.

"If these two instances are at all typical, a detailed

balance-sheet of how the total of £100,000,000 was spent ought to make interesting reading. They suggest that a very large, and probably the major, proportion of money spent on public works developments, so far from going to provide employment, goes in paying compensation to existing land and property owners.

"Such figures as these, indeed, raise the whole question of site value, particularly when it is remembered that a new road or other public works of a similar character which improves a district, leads to an enhancement of the site values of all property in the neighborhood, thus giving a free handsome present to landowners who frequently are the same people who have been extravagantly compensated in the first place.

"It is possible that such a balance-sheet might further be of value in arousing a public attention to the way in which the interests of the community as a whole and of the unemployed in particular are frequently injured by the demands of land and property owners for extravagant compensation based on site values which, in the great majority of cases, have been created not in consequence of the work of the individual owner, but in consequence of that of the community itself."

If England, with her vast experience of such measures, has been obliged to give up all such notions of putting men to work, what hope is there for the philanthropic ideas of our Utopian professors?

The situation five months after the national bank moratorium is about the strangest one investigators have

had to examine. All admit there is no inflation, no matter how much may be claimed by supporters of the government for what is called "psychological" inflation. The embargo on the export of gold has affected very seriously the value of the dollar in foreign countries. But the dollar at home has still an extraordinary purchasing power. Moreover, the farmer, owing to the rise in prices and stocks on the farm, finds himself in the unique position of wondering whether it is safer to curtail production by taking out of cultivation those poor lands the cultivation of which caused so much trouble in recent years, or to take advantage of a rising market and continue to sow where he has reaped. It has been estimated that the cultivation of land for cotton has risen over eleven per cent; more than the amount the government desires should be left idle this year. Moreover, it is shown by compilers of statistics that there are many industries apart from farming which have shown steady gains in the prices of their products. It seems that the government has set to work with its revolutionary planning at a particularly auspicious time. Therefore, great care should be taken to recognize facts and keep different factors in this situation separate. Confusion of thought, mixing up things that are in no way connected, might lead to difficulties no government could overcome. First, it should be remembered that the government's measures for recovery came into operation months after trade recovery started. Again, too much might be claimed for "psychological"

inflation. But when all is said and done, the government cannot stop with the piecemeal measures taken so far. It will find, before long, that it must take a firmer grip on industry, from the production of raw material to the sale of the article over the counter, and embark upon the never-ending business of price-fixing, with all its paraphernalia of reports, accounts, and almost day to day change of by-laws. No enviable task for dictator or tyrant, at any time! Where, then, is the government leading? To what goal are we directed? Does anybody imagine for a moment that two years are sufficient to solve the problem of "purchasing power"? Who is sanguine enough to believe that if some millions of men are put to work under the National Recovery Scheme, the Works Program will not have to be extended? Suppose wage, in what may be called, for the time being only, private industry, should rise so high that the government, to carry out its Works Program effectively, will be obliged to raise the wages of its employees, proportionately. Will three billions be sufficient to cover the cost of the undertaking? One thing leads to another, and, only too often, to another which governments have not taken into consideration. So no matter how government measures are regarded, there is a probability that, once having started on the business of making work to absorb the unemployed and raise "purchasing power," wage nominally may rise and the cost of living rise faster and bring about a situation of greater gravity. Again the question arises, what is to

be the end of it all? Does it mean we are bound for a goal that advisers of the President know nothing about?

Let us see what Mr. Soule has to say about this matter. In his book, "A Planned Society," he says, "every step in the direction of planning for social ends must be a step away from capitalism, no matter how that word is defined. The more advanced stages of a planned society must be something closely akin to the broad ambitions of socialism." What socialism? Mr. Soule has told us in his chapter on the various theories of social revolution, that some people understand socialism denotes ownership of factories, railroads, and other productive property by the state and that it would leave personal property to the individual. But other socialists favor national ownership of land, including agricultural land; there are others who do not favor this second proposal. Then there are many socialists, he says, who believe only the more important large-scale industries ought to be nationalized, while smaller and more normally competitive industries ought to be left in private hands. But these four brands of socialism are held in favor by others; evidently not by Mr. Soule.

SOULE'S BRAND OF SOCIALISM

What is Mr. Soule's brand of socialism? He must know enough about the theories of social revolution to reject as ill-considered, or even paltry, such ideas as

those he sets down. Is Mr. Soule in favor of the proposals and conceptions of socialism, namely: "The state shall control all the means of production, distribution and exchange, for the equal benefit of all, and the state shall control all persons, their faculties and possessions"? Now, it may be possible for the government here to do what has been done in many other countries, that is, attempt a system of socialism, increment by increment. It may be possible for a time to benefit from the "psychological" inflation. No doubt, great things will be claimed for the works of the National Recovery Administration next winter, if several million men are put to work. But let us not be deceived. The men advising the President seem to be bitten by the Soviet serpent, and the slow-working virus is performing its deadly work. Let there be no mistake about that. Capitalism must go, "no matter how that word is defined." There is not one of these authors who knows what capitalism is, but it must go. Do these authors read their Marx? I doubt very much whether one has ever read Marx's chapter on "The Modern Theory of Colonization." The idea that the so-called capitalistic system is based on the expropriation of the mass of the people from the soil was seen by Marx long after he wrote his early chapters on surplus value, and this great idea came to him when he lacked courage to burn the first half of his work. He saw vaguely that it was not capital that was the cause of all the trouble when he wrote his chapter on colonization, but that it was rent

and spurious capital in the hands of private individuals which caused the congested labor market. Elsewhere, I have dealt in pamphlets and books with the most important chapters in "Das Kapital." In "The Old Freedom," I analyzed Marx's theory of surplus value. Unfortunately, the book is out of print and I have no copy near me. But the work that I have done on the subject is next to nothing compared with the amazing analysis of Max Hirsch in "Democracy Versus Socialism" (Macmillan). Hirsch's analysis stands, and a generation since its publication, not one work has appeared challenging his findings.

NORMAN THOMAS

Mr. Norman Thomas, in his article, "Is the New Deal Socialism?," New York "Times" (June 18th), is justified in his criticism of the government's measures. He says: "In short, the whole Public Works program is an example of that timidity of capitalism which cannot bear to do the bold thing which might save it for a while longer." This might be said of every attempt to get socialism by Fabian methods, increment by increment. But Mr. Thomas does not seem to realize in his article what the objective is of the men who are now advising the President. He sees clearly that the timid schemes will end in disaster, but he is too much concerned with the political aspect of the government's program which he calls "state capitalism," and not suffi-

ciently alert to the shifts that will be necessary if the scheme fails at the end of two years. If he imagines the men who are advising the President have revealed the whole of their program in the measures now being put into operation, he is sadly mistaken, and he may wake up suddenly to find no system of state capitalism will satisfy them. But is Mr. Thomas sure that he is a state socialist? Does he believe religious and civil liberty is possible under state socialism? Does he believe this three or four billion dollar program of Public Works has anything whatever to do with state socialism? Mr. Thomas has succeeded in his article in evading the important question of what he would do to bring about the socialist state. He mentions four roads which confront us; the first heads for catastrophe; the second, state capitalism, postpones, "but cannot avert, catastrophe"; the third, communism, which, he says, we will not take. Then, he says, the fourth, "the only other road, leads to socialism." But that may mean anything in the way of nationalization and control of industry. Now, it is in the last sentence of the article that Mr. Thomas reveals an acumen which ought to have saved him much labor in writing. He says: "It is by no means the road which Mr. Roosevelt and his advisers have taken, though some of the things they have done will make it easier for an aroused and determined movement of workers of hand and brain to press along it to the conquest of poverty and the abolition of the predatory society." Here it is. Mr. Thomas will ride to

power over the failures of Mr. Roosevelt's advisers. He banks upon the mistakes the professors will make as the best of propaganda for his party, which is simply a political party.

THE SOVIET SERPENT

It has been said many times of late that some of the advisers of the President are trying to reorganize industry here according to plans which they have imported from Russia. There is much in the books of the authors under review that supports this charge. How many of them have been in Russia this year is not known, but it has been proved over and over again by European investigators that many authors who have written of the success of the Five-Year Plan were shown, when they were in Russia, only what the Soviet authorities wished them to see. Still, there have been this year quite as many reports on the system which revealed evidence of a gigantic failure, as there have been reports in former years which claimed for the system an unqualified success.

The propaganda department at Moscow is admitted by everybody who has been in close touch with it to be one of the most efficiently organized bureaus that has ever been set up for publicity purposes. It has been admitted by some of the directors at Moscow to be essentially a bureau planned to give information that

will stimulate success and combat all adverse criticism of the Soviet planning. A well-known Russian representative at a European capital told me, "that much was only to be expected, because Soviet Russia had so many unscrupulous detractors." Now adverse criticism has become the rule, and the bureau seems impotent to check or controvert the statements of failure which have appeared for the past six or eight months in the European press. Time has indeed worked wonders in Russia, and the books that were written last year by deluded authors of the Western world reveal only hopes of conditions which have no chance at all of being fulfilled.

About the middle of July last, shortly after Kerensky sent his challenge to Litvinoff, a special article appeared in "The Times," London, from a writer who had recently returned from Russia. In it he said:

"The Bolshevists claim (to several points of decimals) that last year their factory output was three times that of pre-war Russia, but the universal lack of goods for consumption at once suggests that there is something which needs elucidation about this figure, if the terrible poverty of the people is to be explained. The explanation is simple. In pre-war days 85 to 90 per cent of the total production of goods for consumption was produced by the peasants by hand in their homes and in small workshops. In pursuit of the policy of concentrating all production collectively under State trusts, this peasant and small-workshop production has

virtually disappeared, and Soviet Russia today is left with an output on this basis of from 55 to 70 per cent less than in pre-war days."

Consider the financial position of the Soviets and their foreign trade. So much has been written recently on these matters, part of the propaganda of making it easier for Russia to obtain credits, that many supposedly level-headed business men have been completely taken in by the inspired reports. Here the real facts concerning these two questions are put in a nutshell. The writer to "The Times" says:

"The seriousness of the financial position is still largely masked as a result of the past success of the Soviet government in obtaining long-term credits for what it buys abroad and securing cash, or short terms, for what it sells. On its foreign trade a deficit has been accumulating for some years. Last year its exports showed a decline of thirty per cent on the previous year, and at the end of the year its commitments abroad on account of the Five-Year Plan were 1,250,000,000 gold roubles, or between £160,000,000 and £170,000,000 sterling, of which £100,000,000 matures for payment this year, the larger part in Germany."

These figures not only speak for themselves, but should check any enthusiasm on the part of our manufacturers to enter into contracts with the Russian government for long-term credits. Probably by now, numbers of English merchants are not so warm about recognizing the Soviets for trade purposes as they were

when the English machinists were released a few months ago. It is said that the "planned national economy" is "a by-word and a joke of a grim character." Mr. Chase says that Russia "is accumulating capital and increasing her production at a phenomenal rate," and that the Russians, "in time of peace have answered the question of what an economic system is for." When he wrote his book, "A New Deal," he was under the impression that the new industrial plant set up in Russia was producing enough to feed her people. Much has been made by some of our planners of the great engineering feat at the hydro-power station Dnieprostroi. It was erected at a cost of about $150,000,000, and engineers have said that it is a wonderful technical achievement. The writer of "The Times" article says of it: To be economic, this plant should feed factories and other concerns of a capital approximately ten times that of the power station. In fact, Dnieprostroi has practically nothing to feed. As a result, of six turbines, only one is working, and that much under capacity. The whole plant is hopelessly uneconomic—a white elephant eating its head off." The much-advertised claim that Russia laid down twenty per cent more land last year for cultivation than before the revolution may delude many thoughtless people, but such propaganda cannot for long hide the fact that "everywhere, from fields, factories and industrial plants, masses of workers goaded to desperation by hunger and poverty, form roving hordes seeking some unknown place which may

yield the primary needs of life." The article closes with the following statement:

"The whole Soviet system is the biggest economic jam in history, and the strictness of the Soviet censorship cannot for long hide the truth."

Probably the Soviet authorities will never have a better opportunity to contradict the statements contained in the article in "The Times" than they had when Litvinoff was in London arranging for long-term credits. Some time has elapsed since Kerensky challenged him to make a statement on agriculture, so that English merchants may know something of the conditions of the country. Litvinoff prefers silence. If there had been no truth in the statements so many letters in the English press convey of the dire conditions in Russia, it would have been a very simple thing for Litvinoff to have dealt with the criticism by putting the facts before the English people. He could not have had a better press. The time was opportune, everything was in his favor, but he had nothing to say.

Will our supporters of the Soviet system who are at Washington advising the President take the trouble to find out if the rosy hopes conveyed in their books of the success of collectivism are working out according to plan? Will they hasten, after learning the truth, to tell the public here that they have been mistaken? Or will they let it pass and turn to the next thing? They are all very severe on bankers, merchants, brokers and salesmen who misrepresent the value of bonds, stocks,

and articles. They are all sticklers for financial and commercial rectitude. Seventy-five per cent of their books deal with the nefarious practices of commerce and finance. What is the difference between a book which now misrepresents the results of the economic plan of Soviet Russia, and a prospectus which misrepresents the utility and value of a business? Certain bankers were taken to task because it was alleged that they had misrepresented the financial condition of a country in South America, and that people bought the bonds of that country on the strength of the recommendation of a great financial house. I have taken the trouble to find out in connection with the loan referred to, that the best advisers of European bankers at the time were misled by the reports issued by the South American government, and that the time element was not taken into consideration. Financial disaster came so quickly, and was so shocking, that a state of bankruptcy followed shortly after the issue of the bonds. I was one of the victims. Now it is quite different in the case of Soviet Russia and the information of what has taken place, found in the books of Mr. Chase and Mr. Soule. Their books were published last year, and there was then quite sufficient information of the difficulties the directorate at Moscow was meeting, to have reminded our authors that care should be taken in making statements about the success of the Five-Year Plan. Whether our authors intend to convey the notion that we should support Mr. Roosevelt's plans because the

Russian plan is controlled from the top, or whether we should give our support to what they call economic planning, whether the Russian experiment is successful or not, is not made clear by any of them. Indeed, it is very difficult to know just exactly what they ask the American people to do. Reading closely, it is almost impossible to get away from the idea that these people are not sure of the schemes they suggest, not sure they will work in this country. It may be their method of presenting their ideas which, unfortunately, is so vague that it gives one the impression they are suggesting changes in the system here they have little or no faith in. Lenin was man enough to say at the great gathering in the Moscow Theater that the first scheme would not work, and that they must think of the next thing to do. Before we go too far along the lines suggested in so many of these books on economic planning, now that so much information is coming out of Russia of the true state of affairs there, is not the time about ripe for some of the advisers of the President to consider seriously the matter of making a statement as manly as Lenin's, when he looked facts straight in the face, and realized the cherished theories of pre-revolutionary days would not work when put into practice, in the very field for operation that he had yearned for for a generation?

ECONOMIC MAN

The whole notion of the Utopia-planners is based on an utterly false conception of man's relationship to the

universe. They have an idea that economic man is a myth, because sociologists and psychologists have found out that man is a creature of many impulses; some have found out that he can be happy in a garden—not an original idea, by any means, and rather an unfortunate one, because on an occasion long ago, man was placed in a garden and got himself into an awful lot of trouble. Numbers of books poured from the press a few years ago, telling us how complicated were the instincts and impulses of man, and how strangely he was affected by the operation of his glands. And some of the investigators found out that man was not all he was cracked up to be. Hamlet's great panegyric was all right as poetry, and Browning's "Paracelsus" was a mere romantic notion of man's potentialities, but in reality man was not responsible for ninety per cent of his actions and ninety-five per cent of his thoughts. One great psychologist came to the conclusion that you had only to hear men speak, and to watch men in action, to discover they do not think. It has, however, been left to the planners to discover that economic man is a myth; that as a land animal depending entirely upon natural opportunities and forces for food, raiment, fuel and shelter, he does not exist at all. They seem to think that as he cannot dispense with the articles of production, he must be a social animal. Milk unites us all in infancy, and beer now for adult days will consolidate the race. The sheer materiality of the notion is startling. If all the social animal requires begins and ends

with the necessaries of existence, is it worth saving? Those who have known what hunger really is will repudiate the libel suggested by the up-to-date economists.

The economic animal had to learn early in its sojourn here that it could overcome the initial difficulties which faced it as a producer only by studying closely every experience, every process of labor, so that he might find how leisure could be won for cultural pursuits. The rise of every people shows this clearly. Material socialization always appears on the scene at the end of a cultural season. It is the policy of despair of those who have defeated themselves by permitting control from the top in economics, politics and society. Whether we like the idea or not, Aristotle's political animal enters the last phase, and though he is free of the slave's chains, he puts on the manacles of the state and gives up hope. Socialization, in a mere political and material sense, is a policy of despair. Men have lost their way. Enforced unity is the beginning of the end. It is a back-to-slavery policy.

The gregariousness of man which we read about and so seldom find, save in the fact that he is an inhabitant of this planet and cannot get away from his fellows if he wants to, has led these sociologists and psychologists astray. Man has no choice in the matter of association in a general way. It is true that he sometimes can rise so high in cultural pursuit that he can pick and choose his company; and, indeed, the more

cultured he becomes, the fewer people he can do with. In fact, I have noticed all my life that intellectuals nearly always prefer to keep the unschooled at arm's length. They may be so sorry for them, so keen to do something for them, change their lot, smooth their way; but when it comes to inviting them to an afternoon or to a dinner-party, the line is pretty severely drawn. There is more bunkum talked about the gregarious instinct of man than enough. No, so far as the planning business is concerned, that is, finding food and more food for the millions who go hungry, man must be considered as a land animal whose motive is to satisfy his desires and needs with the least exertion. Not the least exertion in the sense of waiting for the government to provide either a meal or a job, but in the economic sense of producer and consumer combined; the consumer, the hungry man, setting the producer in him to work to provide the meal. Man has not changed and never will change in an economic sense, therefore, the classical long-whiskered economists were perfectly right when they suggested, if man had an opportunity to satisfy his desires and needs, it would be an excellent policy to initiate for all men. It may be too late now to do anything in this way for man, because the system has become so complicated, the town having reached its zenith, that millions would rather take the chance of a relief meal in the city than hustle for themselves in the country. This is the penalty of our glorious civilization, and its high standard of living.

Economic man is no myth. He is an undeniable fact; nothing can change that. In this country, where there are—leaving out of account towns, railroads, arid places, swamps and forests—twelve acres and a half for every man, woman and child, there is no economic reason whatever for any husky family to go hungry. Of course, lack of wisdom and courage must be taken into consideration; these are deterrents largely encouraged by sentimentalists who have never known what it is to go without a meal or a bed. Anyway, there is no evidence, that I know, of economic man, that is, man in general, showing how his cultural and spiritual impulses are worth a moment's consideration. When millions imagine that they are anchored to a room or small apartment in a town, and cannot move away to a place where they can begin anew, then there is not much to be said for their faith in themselves and their cultural desires. One of the unique experiences of the last year was that of seeing families on the move in a car, searching hither and thither for a place to squat; anywhere away from the town! Numbers of articles appeared in the magazines which cater to country-folk telling the experience of these people; and they revealed the most extraordinary desire to be independent and shun charity in every shape and form. How many made the escape, no one can tell; perhaps only few—but certain articles in "The Country Gentleman" dealt with a number of cases. Not far from where I write, some families settled down on sandy tracts over two years ago

and did some pioneering work. It was hard, but the gains were tremendous. An old hen can take her brood to an ash-heap and make a living for herself and her chicks; but man, this wonderful creature, with such extraordinary impulses and cultural desires, will stay in a town and join the bread-line.

It is a complicated problem but not so complicated as the sociologists and psychologists imagine. What man has done, man should be able to do. Machine age, or no machine age, the town is the evil in the economic sense, and the town-bred fellow is the one that complicates the idea. There are exceptions, but they are usually country-bred men. Nothing much can be done for the healthy unemployed man who remains anchored in a town after three years of depression. If he is set to work, either by the government or some other agency, he will soon show his foreman what charity has done for him; and now that the idea has gone abroad that town men may look to the state for food and work, and that the state will regulate wage and hours for them, a dangerous precedent has been set up. And how does this come about? Mr. Soule says:

"Capitalism, which is the system of society arising from the machine technique, the factory system, and the private ownership of productive property, inevitably creates great inequality in the distribution of income and power. The choice fruits of capitalism go to the owners of productive capital, who gain their riches at the expense of the workers. Thus capitalism tends to

divide the population into two classes—the owners and the proletariat. The former live by owning, and the latter must live by working for the owners, for the capitalistically owned machine and the factory have been substituted for the old, personally controlled hand tools and handicraft occupations."

So capitalism is responsible for the inequalities of this system of distribution of wealth. It is an extraordinary thing how these planners are so ready to reject the notions of the long-whiskered economists, and that they are ever ready to accept the absurdities of the early chapters of "Das Kapital." Capitalism in itself has no power to distribute wealth, equitably or inequitably. It can have no power in this respect without the consent of labor. The reason labor finds itself in a congested labor market, competing against one another, forcing down wage and lengthening hours, to put it at the worst, is because of the system of landlordism which seems to have the whole-hearted support of our planners. There was little or no complaint during '27 or '28, when things were booming, of the injustices of what is called capitalism. When capitalism lay almost prone last year and the year before, its power never once put in an appearance. When the labor market was congested to an extent never known before in this country, capitalism found itself in the most extraordinary position of not being able to take advantage of it. So it could not be capitalism that inevitably created the depression, for that would be cutting its own throat with a vengeance.

When capitalists did not know which way to turn to keep their wonderful machines oiled, and saw numbers of them perishing for the want of work under their eyes, why did they not take advantage of a situation that would have enabled them to get labor at almost any price they wished to name?

The reason is not far to seek, and the Chicago Title and Trust Company has provided a plan of the rise and fall of land values in Cook County, which shows clearly that when land value reaches a certain height, the price of all commodities has soared above the purchasing power of wage; demand is lessened, factories close and unemployment becomes general. Of course, the Chicago Title and Trust Company may not be interested in this part of the matter; its object undoubtedly in publishing the chart is to show people that the time has arrived to consider the purchase of land in Cook County now that values have fallen from five billion dollars to two billion and a half. If it is capitalism that Mr. Soule has in mind, and not something else utterly different, then, he says practically this much: Capitalism being that part of wealth that aids in the production of more wealth, and capitalism being a system of the production of wealth managed by capitalists, its object is, owing to the maldistribution of wealth, to bring about periodical trade depressions.

Perhaps it would be just as well for the planners to find out what capital really is before their ideas of capitalism become hard set. The fellow who made the con-

crete in the wrong way, found it just as hard to drill out when it set full of cracks, as if he had made it the right way and had put it in the wrong place.

THE SOCIAL ANIMAL

This matter of jumping to the conclusion that man is a social animal because he is placed upon a sphere and not upon a plane, has never been thoroughly examined, much less questioned. Leave out of consideration domestic groups, such as the home and family; the charitable groups, such as the hospital and the asylum; and religious and artistic groups, such as churches, theaters, concert halls and studios; consider the other assemblages and what attracts man to consort with his fellows. In no case can it be shown that the magnet which draws him is a brotherly or social desire to be in physical nearness to his neighbor. In every case that can be analyzed, it is clear that he joins the assemblage for a quite different reason, that is, because he is interested in the purpose of the assemblage; *i.e.*, the objective of the movement.

Why do people go to the theater or the cinema? Certainly not to be near their neighbors. It has been said that perhaps the most unsocial gathering that can be found, from the sociological standpoint, is a church service, where everybody is selfishly interested in his own salvation and is drawn, not to save others, but to save himself, if possible. No one thinks of going to

see a baseball match, or a football match, or a horse race, because his neighbor is going; and who would ever dream of going to a political meeting of any one of the parties to be in physical nearness to the rest of the party, or the remnant of the other party? Surely the notion that man is a social animal, in the sociological sense of the term, is about one of the most preposterous myths raised by men of the age of enlightenment.

TOWN PLANNERS

The town planners, years ago, cherished the idea that certain people were so socially-minded that they could be drawn together by nicely laid-out streets, artistically planted saplings, gardens back and front of the houses, large enough to plant roses and the regular annuals—if one architect, with one mind, one style to be varied just enough to break the line of monotony here and there, set to work and raised an intellectual settlement, far from the madding crowd, where some of the distressing problems of suburbia would be solved. But no town planner I ever heard of thought it was sufficient for the success of the scheme to ask the intelligentsia to flock together for purely physical reasons. Whether man would have been a "social" animal if he had not been trained during long centuries of slavery for the modern conception of well-regulated sociability, or not, cannot be told. But it ought to be clear to any one who will give the matter a little consideration, that man per-

sists in showing after thousands of years of the vicissitudes of control from the top, that there are still left in him traces of the aristocratic instinct of the individual, and that he, even now, will sometimes rebel against family, or friends, or bureaucrat, who would try to force him to act socially when he would prefer to make his own decisions. Man is not dead yet, though the state has done everything it possibly can to destroy the finest instincts of the race. But this myth of *homo sapiens* being a social animal, could only have been started by people who study man's history, say from the industrial revolution of the end of the eighteenth century, to take a very remote date, down to the publication of Dr. Tugwell's "The Industrial Discipline."

Francis Neilson

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